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Travel Industry Council of Ontario

2012 Annual Report | Business Plan

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Message From The Chair

June 25, 2012

Honourable Margarett Best
Minister of Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Best,

I am pleased to present the 2012 Annual Report and Business Plan of the Travel Industry Council of Ontario (TICO). Overall, TICO's performance has met its mandate of maintaining a fair, safe and informed marketplace where consumers can be confident in their travel purchases. Full details with respect to TICO's activities and accomplishments are presented in the body of the report.

As you are aware, given the global nature of the business and increasing consolidation in the industry, there are many risks that the regulator has to take into consideration in trying to ensure that the public is adequately protected. TICO has spent a lot of time over the last year considering those risks and assessing the best ways to manage them in order to ensure consumer protection. In particular, TICO has been focusing on the protection offered by the Compensation Fund. TICO is exploring how protection for consumers could be enhanced and compiling data and information on various options to address areas of concern to support the government's policy development process. Over the next year, TICO will be working with the Ministry of Consumer Services to determine whether changes would be beneficial going forward.

In the interim, the Business Plan is forecasting a minimal increase to Compensation Fund contributions in order to maintain the Fund balance at between $20 and $25 million. Six years ago, when the Fund reached $30 million, the Compensation Fund contribution rates were reduced with the goal of reducing the Fund balance to within the required level. It was anticipated that once the Fund balance was reduced, a rate adjustment would be needed to maintain the Fund at that level.

As part of its efforts to eliminate gaps in consumer protection, TICO also works with other industry stakeholders to promote harmonized standards across the country. As part of the Travellers Protection Initiative (TPI), a group consisting of the Public Interest Advocacy Centre

(PIAC), the Association of Canadian Travel Agencies (ACTA) and Option Consommateurs, TICO provided input to the Canadian Transportation Agency (CTA) on its consultation with respect to the regulation of air travel price advertising. The CTA is developing regulations requiring air carriers to include all fees, charges and taxes in their advertised prices for air services. The intent of the regulations is to ensure greater transparency for Canadians and to allow consumers to easily determine the total price of an air service in order to make an informed choice. TPI has been encouraging the federal government to introduce regulations requiring full disclosure in advertising of airline fares for many years. As you are aware, TICO registrants are subject to price disclosure rules. TICO was happy to participate in the CTA consultation and is looking forward to reviewing the draft regulations once they are released.

Finally, the TICO Board was happy to see the endorsement of the Delegated Administrative Authority (DAA) Model contained in the Drummond Report. We believe the model has worked well in the travel sector and are pleased to see that it is being recognized as an efficient and effective means of delivering regulatory services that is worthy of being expanded to other sectors.

Yours truly,
Travel Industry Council of Ontario

Michael Janigan
Chair of the Board of Directors

Chief Executive Officer's Report

EXECUTIVE SUMMARY

Despite the gloomy picture painted by the global economy, Ontario's travel industry has held up well over the last year. Gross travel sales through retail travel agencies in the province increased by approximately 8.5% over the prior year and are now approaching the $10 billion mark. There was even an increase in the number of travel registrants from 2,501 to 2,507 over the last year. This is interesting considering that there has been a gradual decline in the number of registrants over the last ten years.

TICO's financial inspections programme continues to be a priority. TICO's goal is to identify issues in a timely manner to eliminate or minimize risks to consumers when they purchase their travel services. During the year, closures of registered agencies resulting in claims were kept to a manageable level, with the Fund reimbursing consumers a total of $360,003 for registrant failures and $75,603 for non-registrant airline and cruise line failures. TICO was also successful in recovering $65,549 from closures.

As of March 31, 2012, there were 32,371 individuals who had taken one of TICO's Education Standards examinations, which were introduced in 2009. The Education Standards program has helped to improve knowledge of the requirements under the *Travel Industry Act, 2002* ("Act") and Ontario Regulation 26/05 ("Regulation").

Looking forward, TICO has set four Business Plan objectives for the next year. First, TICO is continuing to work with the Ministry of Consumer Services to explore enhancements to the consumer protection provided by the Compensation Fund. As part of its review, TICO will complete an actuarial analysis with respect to the appropriate level of the Compensation Fund. Secondly, TICO is continuing its review of the business model of how travel services are being sold to make sure that consumers are adequately protected. The focus this year will be on the internet and social media. Thirdly, TICO will continue to review the Act and Regulation in partnership with the Ministry to identify opportunities to modernize, improve consumer protection and reduce regulatory burden. Last but not least, TICO wants to get registrants more involved in its Consumer Awareness Campaign.

In 1999, TICO initiated a Consumer Awareness Campaign to make consumers aware of the benefits of dealing with a TICO registered travel agency. We have promoted the campaign each year and conducted Omnibus Surveys to measure the success of our initiatives. Over the years, we have made gains in the overall awareness of TICO and also increased understanding of the roles that it performs. However, we believe that with the assistance of registrants, even more can be accomplished.

On June 25, 2012, TICO will be celebrating its fifteenth anniversary since receiving delegation from the Ontario government to administer the Act. When I look back over that time, I am proud of all that TICO has accomplished as an organization and I am excited about the prospects of what more can be achieved in the years to come.

Yours truly,
Travel Industry Council of Ontario

Michael Pepper
President & C.E.O

For the purposes of this Annual Report and Business Plan, the following definitions apply:

- **Registrant:** A registrant is defined as a travel agent or a travel wholesaler who is registered as a travel agent or a travel wholesaler or as both under the *Travel Industry Act, 2002*.
- **Travel Wholesaler:** A travel wholesaler is defined as a person who acquires rights to a travel service for the purpose of resale to a travel agent or who carries on the business of dealing with travel agents or travel wholesalers for the sale of travel services provided by another person.
- **Travel Agent:** A travel agent is defined as a person who sells to consumers, travel services provided by another person.
- **Non-Registrant:** An organization which supplies travel services, but is not registered in Ontario including (but not limited to):
  - travel wholesalers and travel retailers not located in Ontario.
  - companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
  - end suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.

MANDATE

TICO's mandate is to support the Ministry of Consumer Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*. This mandate is accomplished by developing and fostering high standards in:

- Consumer protection.
- Registration, inspection, supervision and discipline of registrants.
- Consumer education and awareness.
- Investigating and mediating disputes between consumers and registrants.

In addition, programs will serve to support this mandate by:

- Promoting fair and ethical competition within the industry.
- Supporting a Code of Ethics.
- Maintaining and enforcing programs that provide for consumer compensation in specific circumstances.
- Promoting an expected level of education as a criterion for registration.
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.

MISSION

To promote a fair and informed marketplace where consumers can be confident in their travel purchases.

VISION

Enhance confidence in the travel industry by becoming:

- A leader in developing an improved system of consumer protection.
- A model for a progressive, fair and firm administrator of industry regulations.
- A developer, promoter and advocate of good business ethics and harmonized standards in the travel industry.

VALUES

TICO will be:

- Fair, but firm in our conduct with registrants and consumers.
- Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of our registrants.
- Visionary in our approach to improving the industry and industry practices, while remaining accountable to all stakeholders for the cost-effectiveness and practicality of solutions and initiatives.

Above all, TICO will be ethical in everything TICO does.

STAKEHOLDERS

TICO works with stakeholder groups including:

Consumers: to increase awareness of their own rights and responsibilities, and those of the Ontario travel industry under the Act. In 2006, TICO established a Consumer Advisory Committee to increase consumer consultation and input and to enhance TICO's understanding of consumers needs as it relates to the travel industry.

TICO Registrants

While TICO activities are focused on consumer protection, its clients also include the Ontario-registered travel retailers and wholesalers who fund TICO through registration fees and who pay regular fees into the Compensation Fund.

TICO serves its registrants by justifying consumer confidence in purchasing from the Ontario travel industry. This is accomplished through:

- Ongoing services and special projects aimed at monitoring and ensuring compliance with the Act and Regulations.
- Making consumers aware of the benefits of dealing with Ontario Registrants.
- Enhancing industry professionalism.
- Providing consumer compensation and recourse in specific circumstances.
- Striving to ensure the Act and Regulation remain relevant to emerging issues.

Industry Associations: to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:

- The Canadian Association of Tour Operators (CATO).
- The Association of Canadian Travel Agencies (ACTA).
- The Canadian Institute of Travel Counsellors (CITC).
- The Ontario Motor Coach Association (OMCA).

Government: which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

- Processing new applications – ensuring criteria and standards are met.
- Processing registration renewals – ensuring criteria and standards continue to be met, for example:
  - financial viability including compliance with financial criteria under the Act and Regulation
  - supervisor/manager qualifications
  - other compliance issues (e.g. advertising standards)
- Registrant inquiries.

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Inspections:
  - financial reviews of registrants to minimize risk to consumers
  - checking compliance of registrants with advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking).
- Compliance: employing administrative compliance measures to ensure that registrants correct deficiencies that have been identified.

- Investigations: investigating instances of suspected breaches of the Act which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.
- Consumer inquiries.
- Consumer education.

Complaint Resolution

- Resolving complaints:
  - between consumers and registrants
  - between consumers and TICO
  - between registrants and TICO
- Where complaints have not been resolved, providing information on other options.

The process is outlined in more detail on page 20.

Government Liaison

- Working closely with the Ministry of Consumer Services for purposes of issues management, regulatory reform and matters of public interest.

Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to increase the following:

- Consumer education and awareness on the benefits of purchasing travel services from Ontario registrants and the inherent risks of dealing with non-registrants.
- Consumer and Registrant awareness with respect to the emergence of electronic commerce as it relates to the travel industry.

Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO), one from the Ontario Motor Coach Association (OMCA), one from the Canadian Institute of Travel Counsellors (CITC) and five appointed by the Minister of Consumer Services. There are also two members that are elected by the industry at large. (See Appendix II)

Remuneration of Board and Committee Members (Per Diems)

TICO's by-laws provide for the remuneration of Directors. The Board has approved levels of remuneration, which will be adjusted annually with the Consumer Price Index (CPI).

TICO's Remuneration Policy provides for the following per diem levels:

Board Meetings:

Chair	$436
Vice-Chair	$342
Member	$279

Committee Meetings:

Committee Chair	$279
Committee Member	$217
Director under the TIA	$ 10,220/annum (where Director is not an employee)
Deputy Director	$ 5,110/annum (where Deputy Director is not an employee)

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the established per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates

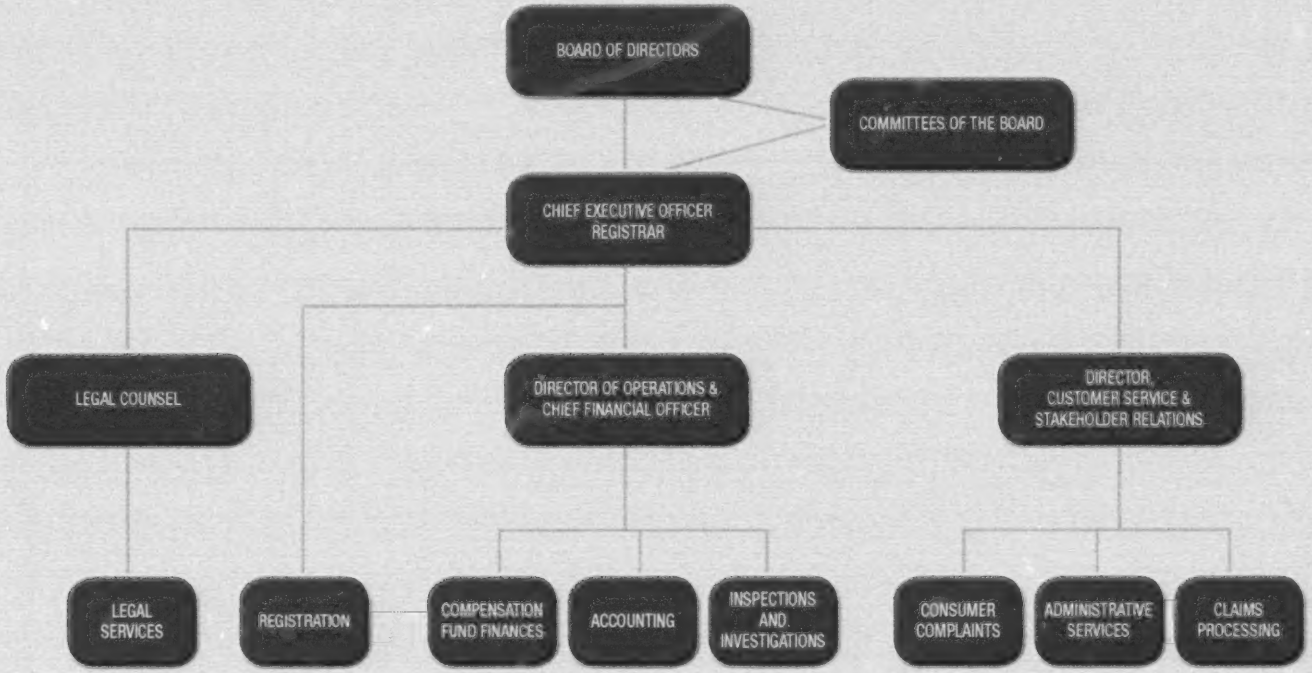
have been approved. The Remuneration Policy also allows board members spending over 2 hours in total for travel time to and from TICO, for the purpose of attending to TICO business, to receive the current per diem rate plus 50% of the per diem rate.

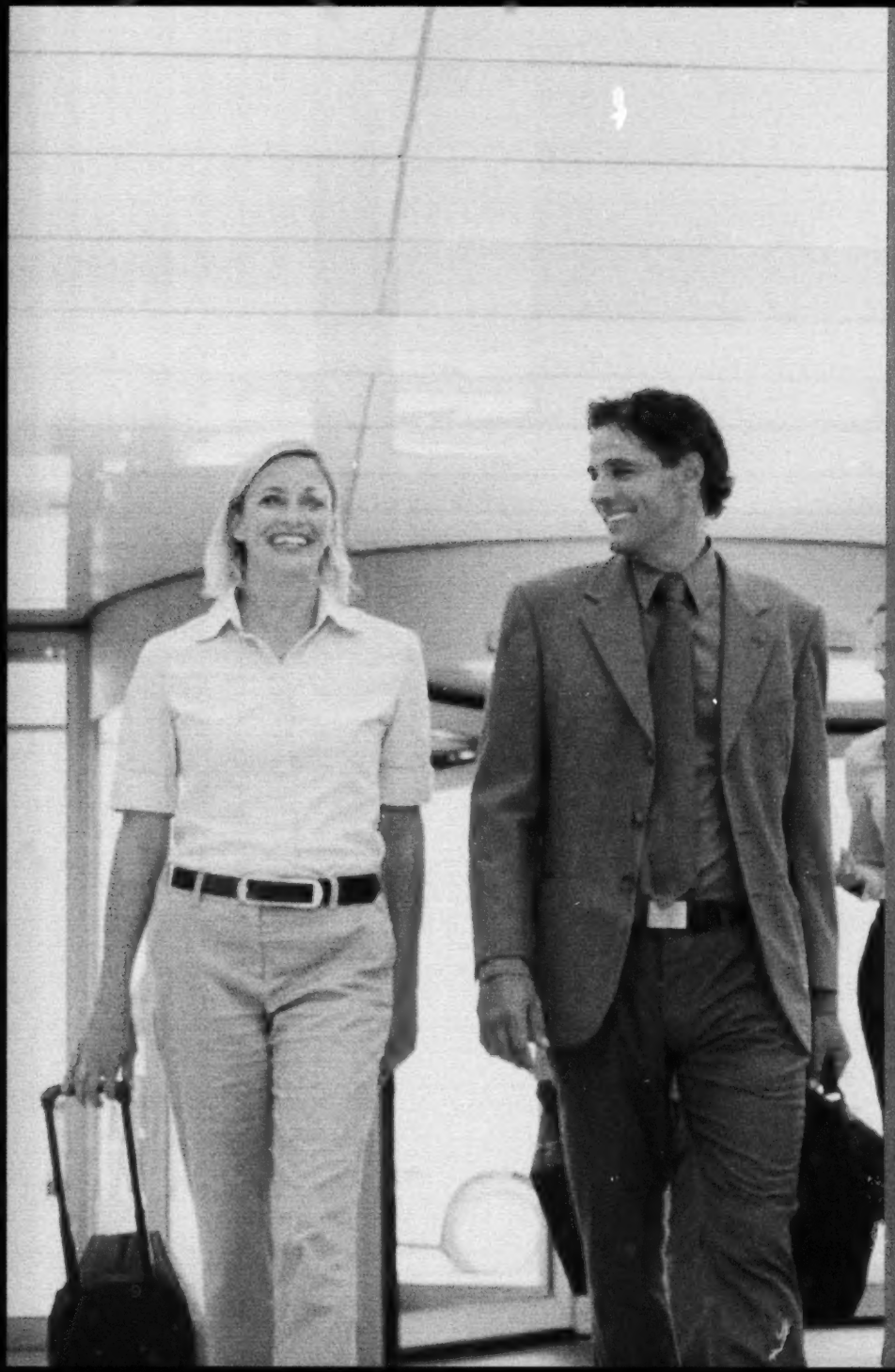
TICO Structure

Organization

The Travel Industry Council of Ontario (TICO) is a not-for-profit corporation financed through fees from its approximately 2,500 travel retail and wholesale registrants. The Ministry of Consumer and Commercial Relations delegated responsibility for the administration to TICO in June 1997. The *Travel Industry Act, 2002* (the Act) governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund. The Ministry of Consumer Services is currently responsible for the the Act and Ontario Regulation 26/05 (the Regulation).

Following a regulation change in June 1998, TICO assumed direct responsibility for the Ontario Travel Industry Compensation Fund (the Fund) from the Ontario Travel Industry Compensation Fund Corporation (OTICFC). The OTICFC was subsequently dissolved on August 28, 1998.





Travel Industry Compensation Fund

Background on the Ontario Industry Travel Compensation Fund

In 1975, the Government of Ontario passed the *Travel Industry Act.* This legislation provides the legal basis for the Compensation Fund and ensures that every registered travel business in Ontario participates in the Fund. Section 50 of Part III of the current Regulation (O. Reg. 26/05) enacted pursuant to the *Travel Industry Act, 2002* states: *"Every registrant shall participate in the Fund."*

Management of the Compensation Fund

The Regulation relating to the Compensation Fund sets forth in detail the operation and management of the Fund.

Section 52 of Ontario Regulation 26/05 provides that the affairs of the Compensation Fund shall be administered and managed by the TICO Board of Directors.

Section 52(2) of Ontario Regulation 26/05 requires that TICO shall hold all money in the Fund in trust for the benefit of claimants whose claims for compensation the Board of Directors approves in accordance with this Regulation.

Section 73 of Ontario Regulation 26/05 allows the costs of administering the Compensation Fund to be paid from the Fund.

Fund Financing

The Compensation Fund is totally financed by Ontario registrants. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay a greater of $25 or 5¢ per $1,000 of sales, both on a semi-annual self assessment basis. These payments are to be filed with TICO within 90 days after the end of each fiscal half year.

Surplus Funds

The Corporation may invest any funds of the Compensation Fund, which are surplus to the immediate requirements of TICO in property in accordance with the *Trustee Act*.

Claims

The Compensation Fund reimburses customers of registered travel agents for eligible claims arising from the bankruptcy or insolvency of an Ontario registrant or arising from the failure of an end supplier airline or cruise line. The Board of Directors determines whether a claim or a part of one meets the requirements of the Regulation and determines the eligible amount of the claim. Claims must be submitted in writing to the Board within six months after the relevant registrant or end supplier becomes bankrupt or insolvent or ceases to carry on business. The maximum payout for claims arising out of an event is $5 million in total. The maximum payout per person is $5,000.

Effective July 1, 2010, claims may be filed against the Compensation Fund to provide the reimbursement of reasonable expenses incurred (transportation, accommodation and meals) to complete a trip where the travel services have not been provided as the result of the closure of a TICO registered travel retailer or a TICO registered travel wholesaler. Provided that the consumer purchased their original travel services from an Ontario registered travel retailer, trip completion claims may be eligible when the consumer's travel services commenced prior to the failure of the TICO registrant and the consumer is in destination and unable to receive the travel services purchased to complete their travel plans. Trip completion claims must be submitted in writing to the Board within three months after the relevant registrant becomes bankrupt or insolvent or ceases to carry on business.

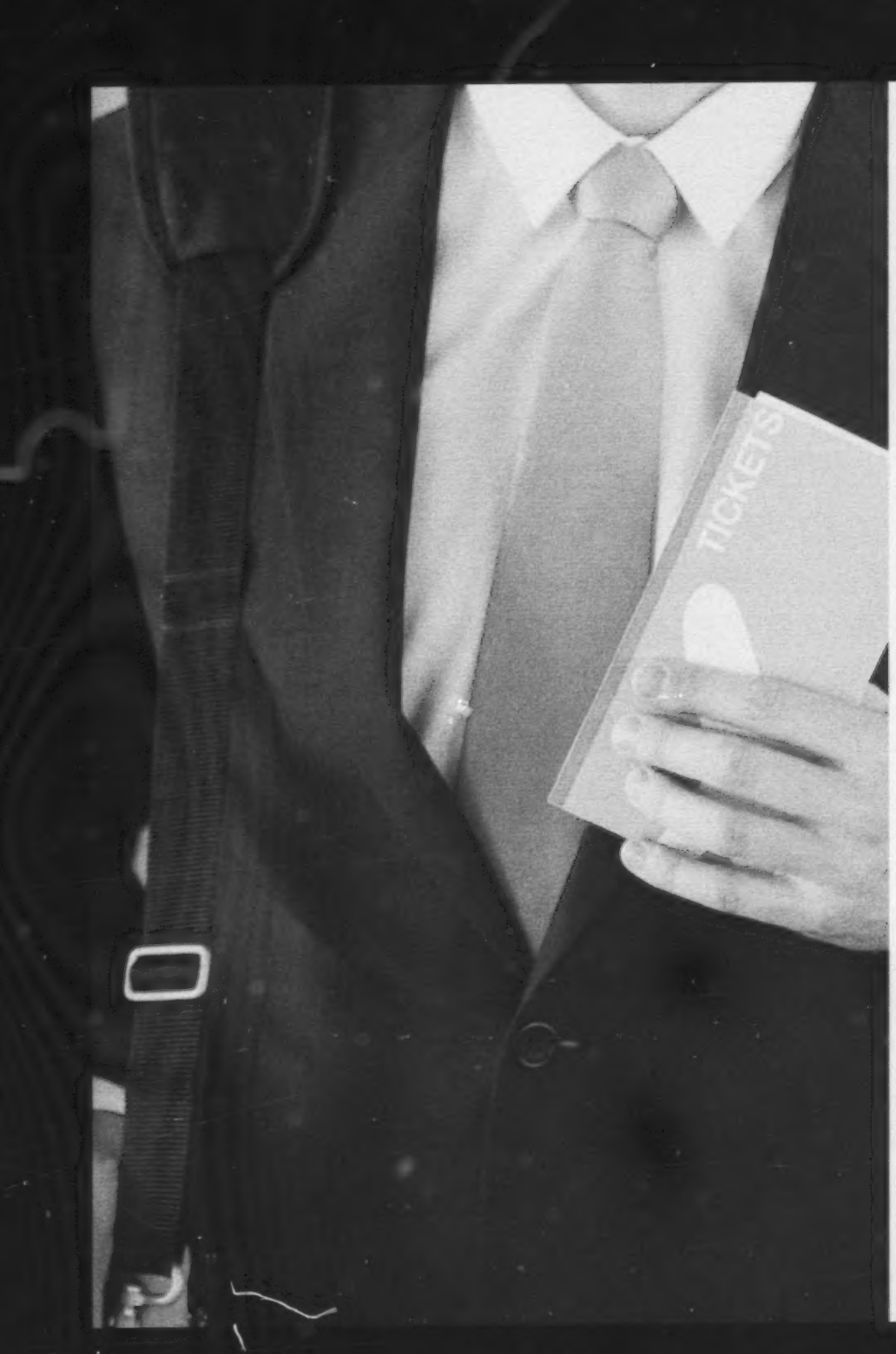
The Director under the *Travel Industry Act, 2002* may direct payment out of the Fund of up to an additional $2 million where immediate funds and facilities are necessary for the repatriation and accommodation of customers of registrants who are outside of Ontario. When customers of registrants are preparing for immediate departure and have been placed in circumstances where funds are required to alleviate suffering or to protect the interests of the Fund, the Director may pay out of the Fund an amount sufficient to enable such departure, up to a maximum of $5,000 per person.

Appeal of Decisions

Claimants are entitled to appeal a decision of the Board of Directors to the Licence Appeal Tribunal. Decisions of the Tribunal may be further appealed to the Divisional Court of Ontario.

Financial Inspections

TICO operates a risk management programme, which includes financial inspections of registrants carried out under the direction and control of the Registrar, *Travel Industry Act, 2002*. The objective of the programme is to identify as early as possible any registrants at financial risk and to work with these registrants to ensure compliance with the Act and Regulation. Through early identification of registrants at financial risk, TICO attempts to minimize potential claims against the Compensation Fund and disruption to consumer travel. The programme consists of an annual review of the financial statements of all registrants, a more frequent review of the financial statements of larger registrants and site inspections. The programme is proactive as TICO visits all new registrants to ensure their understanding of the Act and Regulation and compliance requirements.



TICO Committees

Executive Committee (Chair: Michael Janigan)

- Manage emergency issues on an ad hoc basis.
- Interim support for CEO between board meetings.
- Review of large registrant closures.
- Set compensation and conduct performance review of the CEO.
- Conduct the search for the new CEO in accordance with the CEO Succession Plan developed by the Governance Committee.
- Make recommendations regarding composition and chairmanship of board committees.
- Participate in the orientation session for new board members.
- Participate in crisis management or incident management as required in accordance with the Communications for Major Issues Policy.
- In the event of a significant disruption of TICO's business operations, participating in implementation of the Business Continuity Plan.
- Conduct an annual review of the TICO Employee Code of Ethics.
- Oversee development and conduct an annual review of TICO's Business Continuity Plan.

Audit Committee (Chair: Jeff Element)

- Review internal controls operating throughout TICO .
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.
- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.

- Periodically, review TICO's investment firms and their fees.
- Review TICO's investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.
- Review and provide advice with respect to TICO's annual budget prior to presentation to the Board.
- As part of the annual budget process, review the Registration and Renewal Fees and the Compensation Fund Contribution Fees.
- Review insurance coverage annually.

Business Strategy Committee (Chair: Scott Stewart)

- Review TICO's mission and vision on an annual basis.
- Develop TICO's business strategy and objectives.
- Produce TICO's Business Plan and monitor performance measures.
- Refer issues for legislative and regulatory review.
- Plan TICO's Consumer Awareness Campaign.
- Review and keep current TICO's policies with respect to privacy issues.
- Develop a plan to assess TICO's operational effectiveness and report findings.
- Explore alternate sources of revenue for TICO.

Complaints Committee (Chair: James Savary)

- Review and resolve, as appropriate, complaints against TICO.
- Provide fair, transparent and accountable procedures for handling registrant and consumer complaints against TICO.
- Develop standards for handling complaints.
- Make recommendations with respect to TICO's complaint handling procedures.
- Review trends of complaints to determine if recommendations can be made to address the cause of complaints.

Compensation Fund Committee (Chair: Patricia Jensen)

- Review and recommend to the Board the payment of claims in accordance with Ontario Regulation 26/05.
- Review and monitor the status of appeals to the Licence Appeal Tribunal regarding denied claims.
- Develop and recommend administrative policies to the Board regarding the administration of the Fund.
- Review and recommend recovery procedures to offset the cost of claims.

E-Commerce Committee (Chair: Thanushka Nanayakkara)

- Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.
- Identify areas where consumers may not be protected when they purchase travel services online and provide options as to how TICO may address these issues.
- Consider privacy issues in respect of e-commerce.
- Identify any challenges posed by regulating the sale of travel services in an e-commerce environment and provide any potential solutions.
- Recommend legislative and regulatory changes in relation to e-commerce.
- Play a role in educating the Board and TICO stakeholders about e-commerce issues including the development of informational literature.

Education Standards Committee (Chair: Mike Foster)

- Determine the curriculum for the *Travel Industry Act, 2002* Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the education standards curriculum at each level.
- Oversee exam development and testing.
- Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.
- Consider equivalency options for Education Standards.

- Ensure the *Travel Industry Act, 2002* Education Standards are updated on a regular basis.
- Explore the feasibility of other educational initiatives.

Legislative & Regulatory Review Committee (Chair: James Savary)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
  - Consulting with the Ministry of Consumer Services on policy and legal issues
  - Securing and managing stakeholder input
  - Working with the Ministry of Consumer Services on policy development and enhancements to the Act and Regulation

Governance Committee (Chair: Richard Vanderlubbe)

The Governance Committee is responsible for:

- Governance Model and Policies
- Board Composition - Member Recruitment and Retention
- Succession Planning
- Board Education and Development
- Board Evaluation

Alternate Finance Committee (Chair: Jeff Element)

- Assess the level the Fund should be maintained at to ensure adequate protection for consumers.
- Determine a fair and workable method to assess contributions to the Fund.
- Explore whether there should be higher financial requirements for entry to the industry.
- Identify potential models for compensation by examining different models from other jurisdictions.
- Conduct a comparative analysis of potential models against Ontario's current system.
- Identify best practices from the various models analyzed.
- Identify key areas of risk in registrant business practices.
- Consider steps that could be taken to reduce those risks.

Consumer Advisory Committee (Chair: Michael Pepper)

- To provide the President/CEO with observations, advice and recommendations with respect to consumer issues.
- To monitor general trends vis-à-vis consumer complaints.
- To gather information on programs employed by other professions that are intended to increase consumer protection.
- To develop recommendations that will enhance consumer confidence and protection.
- To gather and exchange information on issues of interest and importance to consumers.
- To gather information on programs and/or implementation strategies for programs that will advance consumer protection.

Business Accomplishments 2011/2012 - Horizon 1 (0-3 years)

BUSINESS OBJECTIVES	BUSINESS GOALS	PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
Propose enhancements to the consumer protection provided by the Compensation Fund.	Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants	Obtain feedback from stakeholders on the Compensation Fund coverage and any gaps in consumer protection.	Consumer Study completed by Ipsos Reid, which included two consumer focus groups and an online questionnaire to obtain feedback on Compensation Fund coverage and any gaps in consumer protection.
		Conduct consumer research including both qualitative and quantitative analysis using consumer focus groups and an online consumer survey to determine if consumers are willing to pay for enhanced Compensation Fund coverage.	Corporate Travel Study completed, which included online surveys for TICO registrants and Corporate Travel Managers to obtain feedback on a consumer pay scheme and its effect on corporate travel.
		Utilize stakeholder feedback to develop a proposal to expand the coverage provided by the Compensation Fund.	Results of the two studies to be reviewed with the Ministry of Consumer Services to determine next steps.
		Conduct financial analysis to determine the appropriate level of the Compensation Fund based on coverage.	Compiled information in order to determine assumptions which will form the basis for an actuarial analysis of the required Fund level. An actuarial report will be obtained in the next fiscal year.
		Submit a proposal to the Ministry to address the gaps in the current consumer protection.	TICO is working in partnership with the Ministry of Consumer Services to determine whether enhancements to the Act or Regulation would be beneficial.
Review the business model of how travel services are being sold.	Ensure the *Ontario Travel Industry Act, 2002* and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.	Obtain feedback from stakeholders with respect to changes to the business model such as the Internet, home-based / outside sales representatives and the consolidation of the industry.	Consumer Study conducted revealed gaps in consumer protection and confusion with existing Compensation Fund coverage. A review of the gaps in consumer protection revealed a need to provide more information to clarify registrant responsibilities for their employees and outside sales representatives.
		Assess whether any gaps in consumer protection exists as a result of the review of the business model.	
		Review how consumers book and purchase their travel services to identify whether there is confusion as to whether consumer protection exists.	

Business Accomplishments 2011/2012 - Horizon 1 (0-3 years)

BUSINESS OBJECTIVES	BUSINESS GOALS	PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
		Determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes.	Updated TICO's Guidelines for Outside Sales Representatives to clarify the responsibilities of outside sales representatives and their employees. Editorial in TICO Talk newsletter to highlight the risks to registrants when managing employees and outside sales representatives.
		Make recommendations to ensure appropriate consumer protection measures are in place.	TICO is working in partnership with the Ministry of Consumer Services to determine whether enhancements to the Act and Regulation would be beneficial to enhance consumer protection.
Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.	Enhance the effectiveness of the Act and the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.	Review the Act and the Regulation to determine where changes would be beneficial.	Continued to review the Act and Regulation in partnership with the Ministry of Consumer Services to ascertain where change may be beneficial. Reviewed Trust Accounting Guidelines and have proposed changes to provide more clarity where appropriate.
		Meet with industry and government representatives with respect to proposed changes to the Act and the Regulation.	
		Consult with stakeholders on proposed changes.	
		Review feedback received from consultation process and submit proposed changes to the Ministry.	
Review TICO risk management strategies to ensure that there are systems in place to manage the risks of the organization.	Identify the organization's risks and take steps to ensure systems are in place to manage those risks.	Document key risks to the organization.	Audit Committee reviewed internal risks and made recommendations where necessary. Business Strategy Committee reviewed external risks and made recommendations where necessary.
		Review TICO Policies and Procedures to ensure that identified risks are being managed appropriately.	Audit Committee reviewed Policy & Procedures Manual and made recommendations where necessary. Audit Committee's review was reported to the Board and accepted.
		Consider enhancements to TICO Policies and Procedures where gaps exist to manage risk.	Policy and Procedures Manual updated based on recommendations from the Board.

Business Accomplishments 2011/2012 - Horizon 1 (0-3 years)

BUSINESS OBJECTIVES	BUSINESS GOALS	PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
		Consider enhancements to the Regulation where gaps exist to manage risk.	Any areas identified have been referred to the Legislative & Regulatory Review Committee for further review.

TICO Performance Measures 2011/2012

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
CONSUMER AWARENESS AND EDUCATION: TICO's Consumer Awareness Campaign ensures that consumers are aware of the existence of TICO.	To increase the awareness of the TICO brand among Ontario travellers by 3%.	Identify % of consumers surveyed who report that they are aware of the existence of TICO.	Of consumers surveyed in Ontario, 28% indicated an awareness of TICO in 2011/12 compared to 30% in the previous year. Of consumers surveyed in the GTA, 36% indicated awareness of TICO compared to 34% in the previous year.
TICO's Consumer Awareness Campaign ensures that consumers understand the roles that TICO performs and the benefits of booking travel services through an Ontario registered travel agent.	76% of consumers surveyed identified at least one of TICO's roles correctly.	Identify % of consumers surveyed who could identify the roles that TICO performs.	A total of 48% of consumers surveyed understood that TICO assists with complaints against TICO registrants, compared to 57% in the previous year. Of those surveyed, 31% of consumers understood that TICO provides refunds to consumers who do not receive the travel services for which they paid, compared to 37% in the previous year. A total of 71% of respondents identified at least one of TICO's roles correctly, compared to 76% in the previous year.
		Identify % of consumers surveyed who understand that they must purchase their travel services from an Ontario registered travel agency to obtain the protection of TICO and the Compensation Fund.	Of those consumers surveyed, 62% indicated that they were aware that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund, compared to 70% in the previous year.

TICO Performance Measures 2011/2012

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
CONSUMER PROTECTION: TICO's Financial Inspection Program ensures that consumers are better protected through financial inspections and monitoring.	Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.	Identify the number of site inspections completed.	A total of 501 financial site inspections were completed during 2011/2012.
		Identify the number of bench reviews completed.	During the fiscal year, a total of 1,797 bench reviews were completed.
		Identify the number of registrants with working capital deficiencies, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).	A total of 218 files were opened between April 1, 2011 and March 31, 2012 for registrants with working capital deficiencies. Of those 218 files: • 125 resulted in site inspections. • 10 proposals. • 15 registrants voluntarily terminated. • 1 registrant was revoked.
		Identify the number of registrants who failed to file their financial statements on time, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).	Between April 1, 2011 and March 31, 2012, 1,932 financial statements were due to be received. Of those 1,932 financial statements: • 790 financial statements were not filed on time. • 67 registrations voluntarily terminated or lapsed. • 35 proposals issued. • 4 registrations were revoked.
		Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that failed and resulted in claims against the Compensation Fund.	For registrants that had files opened for working capital and financial statement compliance deficiencies during the year: • There were no registrants with working capital deficiencies that resulted in claims. • 1 registrant deficient in filing its financial statement resulted in claims. • 0 % of registrants with working capital files opened between April 1, 2011 and March 31, 2012 resulted in claims against the Compensation Fund. • 0.13% of registrants who filed their financial statements late between April 1, 2011 and March 31, 2012 resulted in claims against the Compensation Fund.

TICO Performance Measures 2011/2012

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2011/2012	ACTIVITIES & ACCOMPLISHMENTS
CONSUMER PROTECTION: TICO's Compensation Fund provides timely and fair resolution of claims.	For claims received during the year, 70% of approved claims were processed within 120 days of receipt.	Identify the number of claims received during the year.	A total of 283 claims against the Compensation Fund were received between April 1, 2011 and March 31, 2012.
		Identify the value of claims received during the year.	The value of the claims received during the fiscal year was $998,522.
		Identify the value of claims that were received during the year that were paid.	For claims received between April 1, 2011 and March 31, 2012, 143 claims were approved for a total $448,443.
		Identify the number of consumers assisted during the year.	For claims received between April 1, 2011 and March 31, 2012, which were approved, a total of 491 consumers were assisted.
		Identify the average time to resolve claims during the year.	For claims received between April 1, 2011 and March 31, 2012, the average time to process claims from the date of receipt was 116 days.
		Identify the % of claimants surveyed who report the process was timely and fair.	Of the claimants who responded to TICO's Claims Survey, 99% indicated they were satisfied that the process was fair and timely.
		Identify the number of LAT claim appeals and results.	Of the claims received between April 1, 2011 and March 31, 2012, two claims were appealed to LAT. Both appeals were subsequently withdrawn by the claimant.
		Identify the % of claims received and approved during the year that were processed within 120 days of receipt.	Of the claims received and approved between April 1, 2011 and March 31, 2012, 68% were processed within 120 days of receipt.

TICO Strategic Priorities - Horizon 2 (0-5 years)

PERFORMANCE MEASURE	ACTIVITIES AND ACCOMPLISHMENTS
Take a lead role in promoting harmonized standards with other industry stakeholders, provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.	Submission to the CTA provided by the Traveller's Protection Initiative (TPI) on airline price advertising.
Participate in promoting and establishing a national travel compensation fund with other stakeholders to protect consumers across Canada.	Participated in ongoing discussions with the Consumer Measures Committee on the feasibility of expanding consumer protection to other provinces.

Additional Business Accomplishments 2011/2012

- Review of TICO asset to ensure adequate funding exists.
- Review of Compensation Fund level to ensure adequate funding.
- Updated the content of the Study Manual and the exams for TICO's Education Standards Programme. During the fiscal year, a total of 5,141 exams were written as follows:
  - 4,503 Travel Cousellor Exams.
  - 273 Supervisor/Manager Exams.
  - 365 Combined Travel Counsellor and Supervisory/Manager Exams.
- Met the Terms of the Administrative Agreement by maintaining operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry.
- Participated in ongoing negotiations with the Ministry of Consumer Services with respect to the terms for a new Administrative Agreement.
- Developed a Travel, Meal and Hospitality Expenses Policy for TICO.
- Developed a Procurement Policy for TICO.
- Developed an Accessible Customer Service Policy for TICO as required under the Accessibility for Ontarians with Disabilities Act, 2005.
- Upgraded TICO's IT hardware and software systems to the latest versions to maintain operational efficiency.
- Continued to participate in an office waste and recycling program, which includes all paper, glass, metal, plastic, printer toner cartridges, batteries, PC's and monitors.
- Completed a Board Evaluation Survey in March of 2012.
- TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included: press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Report and other information items.
- Prepared and distributed the quarterly TICO Talk newsletter to all registrants.
- TICO continued to liaise with the Ministry of Consumer Services on issues that require TICO's input and participated in regular liaison meetings.
- Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information.
- Submitted performance measures to the Ministry of Consumer Services on a quarterly basis.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and the TICO Talk newsletter.
- Distributed and made available on TICO's website, TICO's Annual Report and Business Plan in September of 2011.

Operational Performance Review

Registration

On March 31, 2012, there were a total of 2,507 registrations with TICO (Fig. 1). Of these, 86% (2,147) are retail travel agencies, who sell travel services directly to consumers and 14% (360) are travel wholesalers, who sell travel services through travel retailers.

In 2011/2012, there were a total of 202 terminations (Fig.2). A total of 2,301 registrations were processed under the *Travel Industry Act, 2002*, which included 203 new registrations (Fig. 3) and 2,098 renewals (Fig. 4). Registrations are renewed annually.

Complaint Handling Process

TICO receives numerous telephone and email enquiries on a daily basis including those from consumers, registrants, applicants, government and industry stakeholders. TICO staff provides information with respect to consumer and business complaints, registration processes and acceptable business practice.

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute,

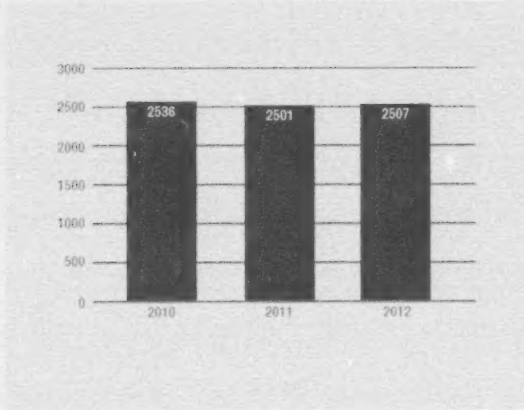


Figure 1: Total Registrations under the Act

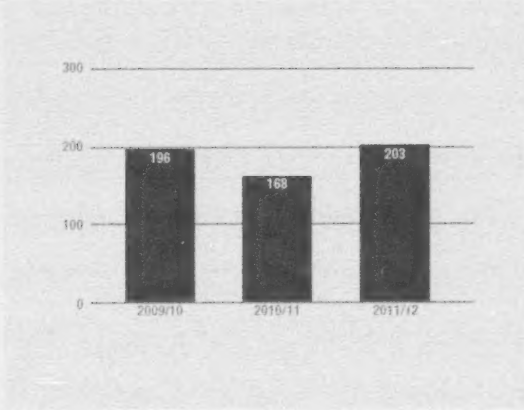


Figure 3: Total New Applications Processed

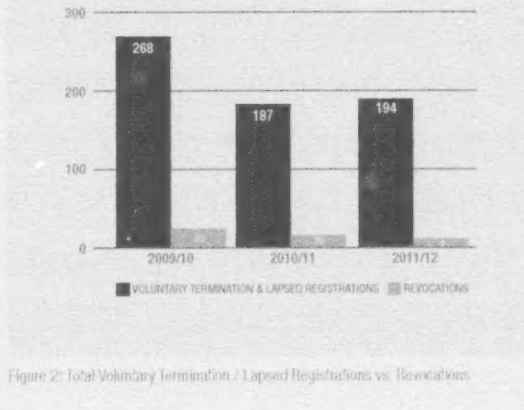


Figure 2: Total Voluntary Termination / Lapsed Registrations vs. Revocations

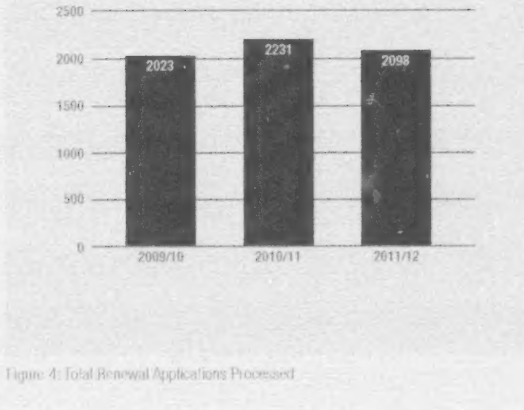


Figure 4: Total Renewal Applications Processed

or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. If such is the case, this will be dealt with separately from assisting with resolution of the complaint. When

a mutual solution is not reached, complainants are provided with information regarding options to pursue matters.

When TICO receives a complaint it may be resolved in anywhere from a few hours over the telephone or a few weeks to a few months for a formal written complaint. The length of time varies depending on the complexity of the issues, the availability of feedback and documentation required, and the level of cooperation of those involved.

Registrant-to-registrant disputes have not been handled traditionally by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

Complaints Committee

Consumers and registrants with complaints about TICO's activities are invited to contact the Complaints Committee of the Board of Directors.

The Complaints Committee's mandate is to review and resolve, as appropriate, complaints against TICO, which are based on dissatisfaction with the quality and fairness of its services to registrants and consumers. The Committee also makes any recommendations with respect to TICO's complaint handling procedures that may arise from reviews of particular complaints. The Committee is composed of representatives of various stakeholders. During the 2011/2012 fiscal period, there were no complaints received against TICO.

Appeals against the Registrar's administrative decisions may proceed, as appropriate, to the Licence Appeal Tribunal. Complaints may be submitted to TICO by telephone, fax, mail or e-mail.

Complaints

TICO resolved 346 written consumer complaints in 2011/12 compared to 232 in the previous year (Fig. 5). Many of these complaints related to files that were opened in the previous fiscal year. The number of new complaints received during 2011/2012 was 290 compared to 294 in the previous year. In processing these complaints, TICO successfully assisted consumers in obtaining $82,510 in restitution compared to $57,205 the previous year. In addition, TICO handled 1,465 telephone complaint inquiries and 544 email complaint inquiries.

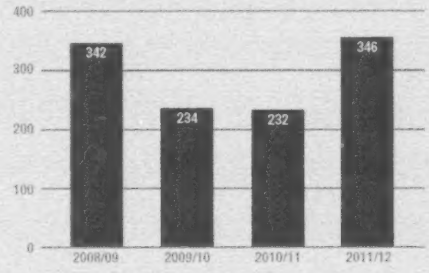


Figure 5: Written Complaints Handled

The most frequent types of written complaints received at TICO in 2011/2012 were:

1. Incomplete or incorrect information provided to the consumer by the registrant. (e.g. information regarding the travel product or services being sold.)
2. Invoicing issues. (e.g. not complete with required information or not provided to consumer.)
3. Outstanding refunds.
4. Information / Documentation. Issues related to travelling with passports and other travel documents.
5. Incorrect ticketing/ticketing errors.
6. Cancellation/Flight Delay
7. Price disputes.
8. Disclosure of Terms & Conditions of Reservation
9. Customer service issues.
10. Advertising issues.

Consumer Survey Results – Complaints Process

During the fiscal year 2011/12, TICO distributed consumer surveys to 346 consumers who filed complaints against registrants with TICO, inviting feedback as to their experience with TICO's complaint's process. At the end of March 2012, there were 24 completed surveys returned to TICO.

The results of the 24 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO's handling of their complaint: 16 consumers advised they were either satisfied or very satisfied, 5 consumers indicated they were dissatisfied and 3 consumers were neutral in their opinion.

When asked to rate their satisfaction with the fairness of the process: 15 consumers advised they were either satisfied or very satisfied, 5 were dissatisfied and 4 consumers were neutral in their opinion.

TICO reviewed the survey results and established that some of the consumers who expressed dissatisfaction had filed a complaint which contained issues that are not covered by the legislation and, therefore, were outside the scope of TICO. As such, TICO was unable to assist them.

In other cases, TICO was able to identify areas of a possible contravention(s) of the Act and/or Regulation on behalf of the registrant(s) involved. These issues were referred to TICO's Compliance Department for further review. As a result, TICO requires registrants to initiate corrective measures in an effort to prevent similar situations from affecting future travellers. However, such referrals are not directed at obtaining compensation for specific complaints. It should be noted that TICO does not have the authority to settle a dispute, or to impose a settlement.

Some consumers expressed dissatisfaction with TICO not having the authority to settle a dispute, or to impose a settlement in complaint matters.

The survey results also indicated that 2 consumers were dissatisfied with the complaint turnaround times, 6 consumers were neutral and 16 consumers were either satisfied or very satisfied. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants, which could result in further information being required from suppliers or other third parties.

Financial Inspections

Under the direction of the Registrar, the TICO is responsible for conducting a financial inspection programme. All registrant financial statements are subject to a bench review to ensure compliance with the financial standards required by regulation. The bench review process produces information, which may determine those registrants that should receive financial site inspections. During the fiscal period 2011/2012, TICO completed 1,797 bench reviews (Fig. 6) and completed 501 financial site inspections.

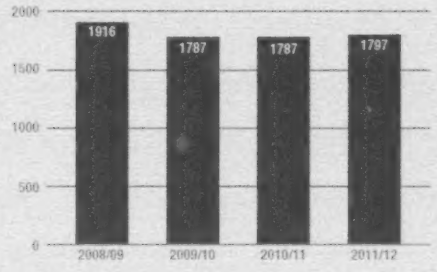


Figure 6: Total Financial Bench Reviews

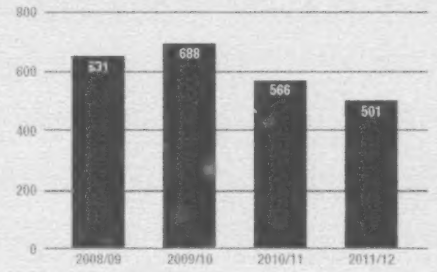


Figure 7: Financial Site Inspections

Non - Financial Inspections

TICO performed 7 compliance site inspections during the 2011/2012 fiscal year compared to 40 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2011/2012, a total of 78 warnings for operating without registration were issued compared to 65 in the previous year (Fig. 8) and 108 advertising warnings were issued to registrants and/or individuals who appeared to be carrying on business in contravention of the Act and Regulation compared to 110 in the previous year (Fig. 9). In addition, 123 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/or receipts in accordance with the Regulation compared to 65 in the previous year. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims. In addition, 1 warning was issued during the fiscal year in relation to meeting the legislated Education Standards, which came into effect on July 1, 2009, compared to 2 in the previous year.

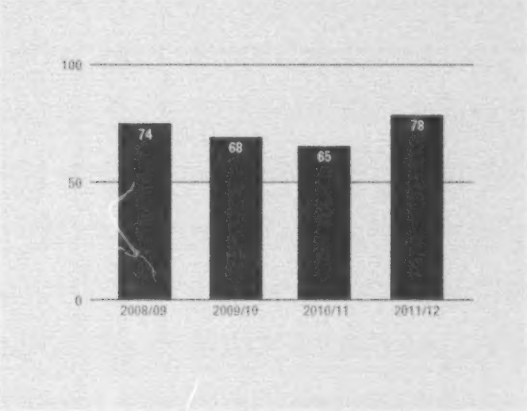


Figure 8: Total Warnings Issued for Operating Without Registration

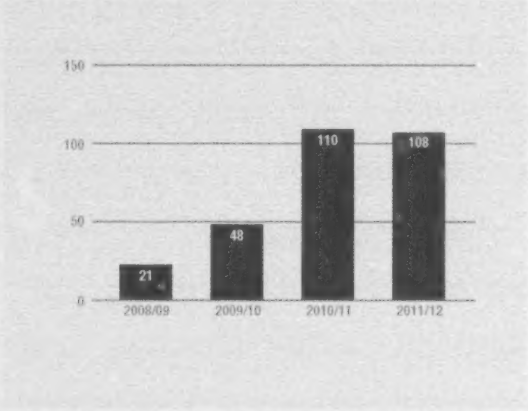


Figure 9: Total Warnings Issued for Advertising Infractions

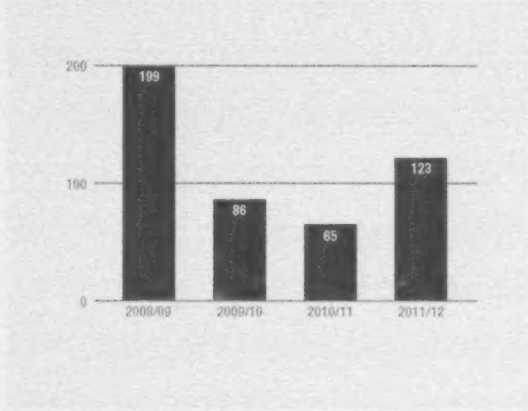
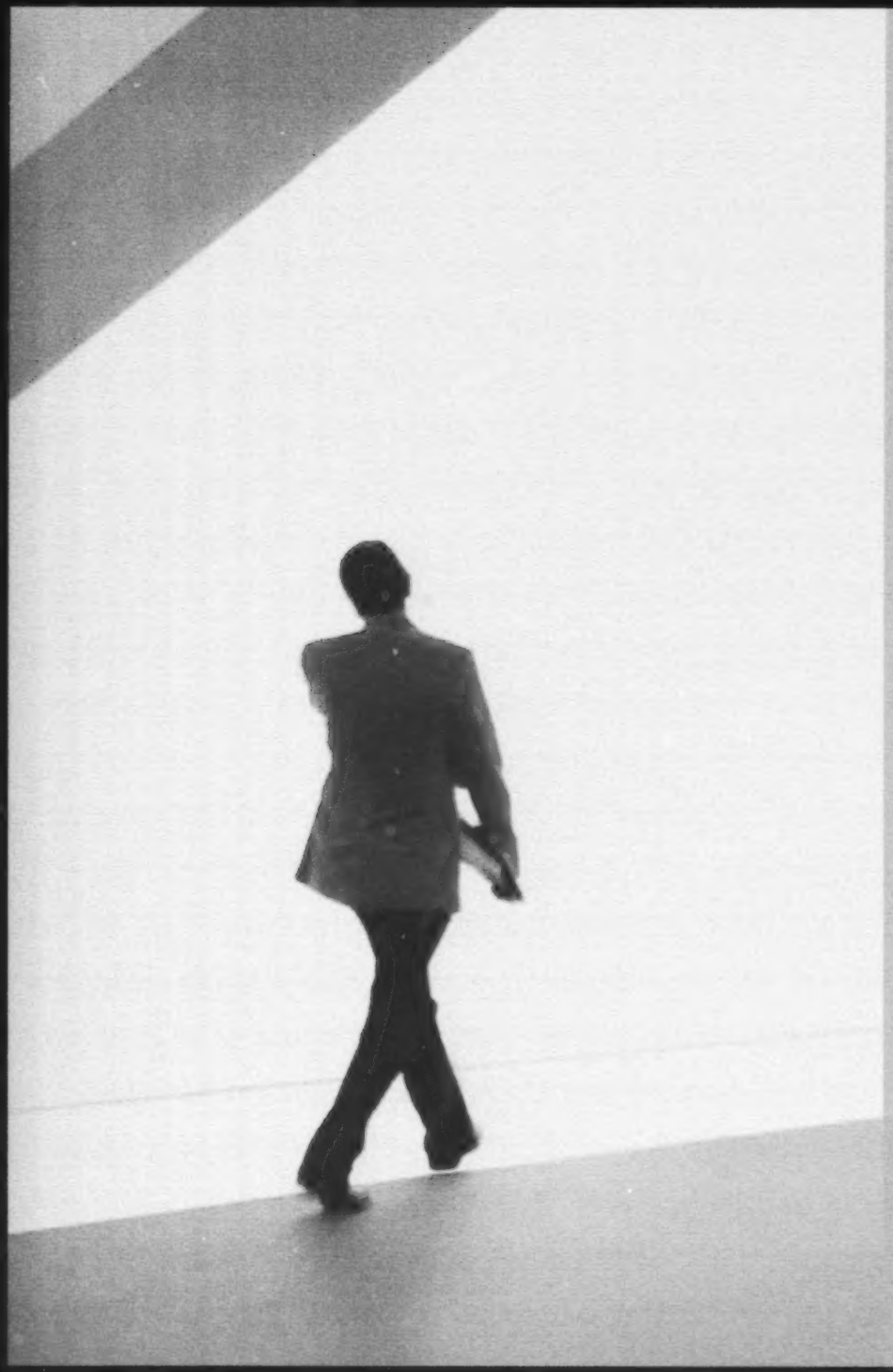


Figure 10: Total Warnings Issued for Invoicing Infractions



Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2012, the assets held for the Compensation Fund were $24,697,605.

Claims and Repatriation

Claims paid during the fiscal year ended March 31, 2012 compared to the previous year ended March 31, 2011 were as follows:

	2011/12	2010/11
Number of claims paid	151	97
Number of consumers assisted	488	208
Claims paid - Registrant failure	$ 360,003	$ 106,820
Claims paid - End supplier failure	$ 75,603	$ 89,303
Total Claims paid	$ 435,606	$ 196,123
Repatriation / Trip Completion	$ 33,686	$ 22,474
Less recoveries	$ (65,549)	$ (38,207)
Net claims paid	$ 403,743	$ 180,390

Repatriation/Trip Completion

Trip Completion costs paid to assist consumers during the fiscal year ended March 31, 2012 resulted from the failures of Conquest Vacations Inc., Minfare Travel and Atlas Air Travel. The breakdown is as follows:

	No. of Consumers Assisted	Repatriation Cost
Conquest Vacations Inc.	8	$ 2,432
Minfare Travel	11	$ 7,932
Atlas Air Travel	25	$ 23,322
Total	44	$ 33,686

Closures in 2011/12 Resulting in Significant Claims Paid

1821284 Ontario Inc.
o/a Atlas Air Travel

1821284 Ontario Inc. o/a Atlas Air Travel registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked on April 8, 2011. Atlas Air Travel sold mainly air only to various destinations. During the year ended March 31, 2012, a total of $129,996 was paid out of the Compensation Fund, assisting 117 consumers.

Minfare Travel Inc.
o/a Minfare Travel

Minfare Travel Inc. o/a Minfare Travel registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked on May 25, 2011. Minfare Travel sold mainly air only to various destinations. During the year ended March 31, 2012, a total of $108,220 was paid out of the Compensation Fund, assisting 71 consumers. The total amount paid includes the cost for trip completion to assist 11 consumers stranded in destination at the time of the closure and who incurred expenses to complete their travel plans.

Panorama Travel & Tours Ltd.
o/a flycentraleurope.com

On May 17, 2011, Panorama Travel & Tours Ltd. o/a flycentraleurope.com voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer and as a travel wholesaler. Flycentraleurope.com sold flights on Air Italy Polska to Budapest, Krakow and Prague departing from Hamilton, ON and Chicago, Illinois. All flights were to commence on May 27, 2011 and continue through to September 21, 2011. During the year ended March 31, 2012, a total of $84,093 was paid out of the Compensation Fund, assisting 143 consumers.

Polar Star Expeditions
(Cruise Line based out of Halifax, Nova Scotia)

On May 17, 2011, Polar Star Expeditions, an end supplier cruise line specializing in Antarctic expedition cruises based out of Halifax, Nova Scotia ceased operations. Consumers who purchased Polar Star Expeditions travel services through an Ontario registered travel agency and who did not receive their travel services were eligible to make a claim against the Compensation Fund. During the year ended March 31, 2012, a total of $62,367 was paid out of the Compensation Fund, assisting 54 consumers.

Other Closures

The following entities ceased operations in previous years and resulted in claims paid during the 2011/12 fiscal year:

The Mindful Traveller Inc.
o/a Uniglobe Discover Travel

On February 16, 2011, The Mindful Traveller Inc. o/a Uniglobe Discover Travel voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer. Uniglobe Discover Travel sold mainly vacation packages and air only to various destinations. During the year ended March 31, 2012, a total of $27,672 was paid out of the Compensation Fund, assisting 37 consumers.

Affordablecruisesandtours.com Ltd.
o/a Affordablecruisesandtours.com

On December 30, 2010, Affordablecruisesandtours.com Ltd. o/a Affordablecruisesandtours.com voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer. Affordablecruisesandtours.com sold mainly vacation packages and air only to various destinations. During the year ended March 31, 2012, a total of $21,481 was paid out of the Compensation Fund, assisting 14 consumers.

Summary of Closures Resulting in Claims Against the Compensation Fund and Corresponding Recoveries

REGISTRANTS	CLAIMS PAID 2011/12 $	RECOVERIES 2011/12 $	CLAIMS PAID 2010/11 $	RECOVERIES 2010/11 $
2000 Tours Inc. (R)	4,295	—	—	—
Aero Canadian Tour & Travel Inc (R)	—	4,550	—	1,100
Affordable Cruises (R)	21,481	—	9,376	—
Apex International Travel (R)	8,420	—	—	—
Amrals Travel Canada Ltd (R)	—	2,000	—	2,500
Atlas Air Travel (R)	129,996	10,000	—	—
Baldwin Tours and Travel (R)	—	1,050	—	—
College Travel Centre (R)	—	6,200	—	5,500
Conquest Vacations (W)	2,432	—	25,620	560
Cosmopolitan Travel (R)	1,150	—	9,621	—
Cruise Holidays of Brockville (R)	—	8,000	—	14,000
Cruise West *	5,000	—	69,303	—
Elegant Cruises and Travel *	8,064	—	—	—
Hebridean International Cruises *	—	—	20,000	—
Jerry Caplan Travel (R)	—	1,300	—	—
Jubilee Travel and Tours (R)	—	—	1,120	1,120
Lifedream Travel & Tours Inc (R)	—	—	918	—
Malev Airlines *	172	—	—	—
Moonlight Travel (R)	—	—	2,275	—
Minfare Travel (R)	108,220	—	—	—
Panorama Travel & Tours Ltd. (R) (W)	84,093	10,957	—	—
Premier Holidays (R) (W)	—	10,172	—	10,171
Prime Travel and Tours (R)	—	—	25,406	—
Polar Star Expeditions *	62,367	—	—	—
Star Travel & Cruise Ltd. (R)	—	—	—	862
Sunrise International Travels Inc. (R) (W)	380	—	50,458	1,074
Travelpack Marketing (R) (W)	—	1,320	—	1,320
Uniglobe Discover Travel (R)	27,672	10,000	4,500	—
Ventura Vacations (R)	5,550	—	—	—
TOTAL CLAIMS PAID (GROSS)	$ 469,292	$ 65,549	$ 218,597	$ 38,207

(R) – Retailer
(W) – Wholesaler
(*) – Non-registrant End Supplier (Airline or Cruise line)
Note: Recoveries listed may relate to claims paid out in previous years.

Figure 11 illustrates the total claims paid by the Fund over the last four years. The total claims paid during 2011/12 totalled $469,292 compared to $218,597 the previous year. Recoveries received by TICO in 2011/2012 were $65,549 compared to $38,207 recovered in 2010/2011.

Figure 12 provides a comparison of the total claims paid out of the Compensation Fund as a result of TICO registrant closures and claims paid as a result of end supplier (airline or cruise line) failures. During the 2011/2012, fiscal year there was a decrease of claims paid out of the Fund as a result of end supplier (airline or cruise line) failures compared to the prior year. During the fiscal period 2011/12, a total of $75,603 claims were paid as a result of end supplier failures compared to $89,303 in the previous year.

Contributions to the Fund from registrants (Fig. 13) have increased by $65,302 in 2011/2012 compared to the previous year. This is as a result of an increase in gross sales by registrants

Consumer Survey Results – Claims Process

During the fiscal year 2011/12, TICO distributed consumer surveys to 180 consumers who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2012, a total of 8 completed surveys were returned to TICO.

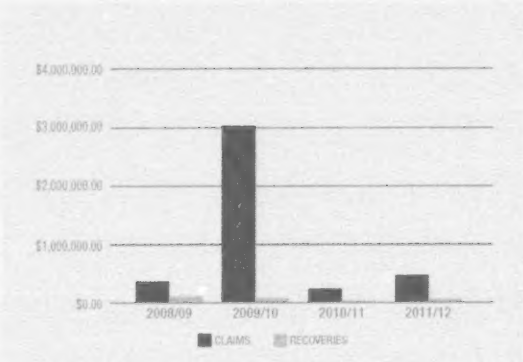


Figure 11: Total Claims paid and Recoveries to the Fund

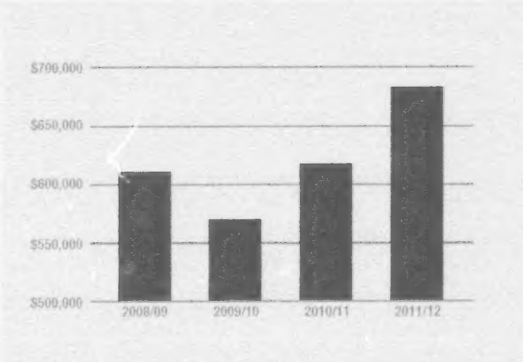


Figure 13: Contributions to the Fund

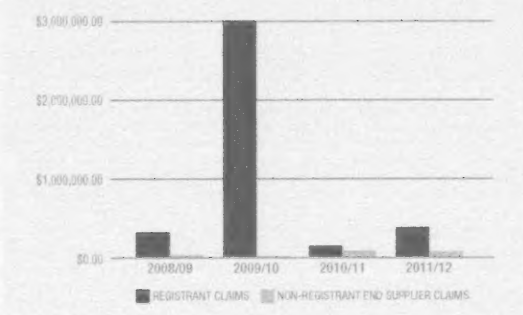


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

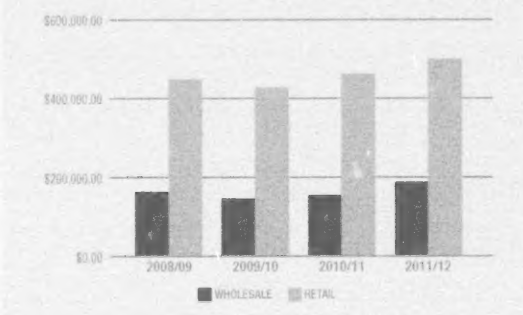


Figure 14: Contributions to the Fund - Retail vs Wholesale

The results of the completed surveys received were as follows:

When asked to rate overall satisfaction with TICO's handling of their claim, and the fairness of the process, 8 consumers indicated that they were either satisfied or very satisfied with the handling of their claim and with the fairness of the process. The survey results also indicated that the 7 respondents were satisfied with the length of time taken to process their claim and 1 respondent was neutral in their opinion.

Legal Matters

Claims

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. During the period ended March 31, 2012, LAT held one hearing. LAT upheld the decision of the Board to disallow the claim. There was also one appeal hearing heard in Divisional Court during 2011/2012 for a claim appealed by TICO in the previous year when LAT overruled the Board's decision. The Divisional Court ruling upheld the Board's decision to disallow the claim. The matter has been appealed to the Ontario Court of Appeal by the claimant and is pending a hearing date.

Investigations and Prosecutions

TICO initiates and conducts investigations when it becomes apparent that there may have been a breach of the legislation, which can result in charges being laid under the statute. Investigations conducted in 2011/2012 have resulted in the following prosecutions:

John G. Pelosi o/a Tiger/Eagle Sports Functions was convicted on eight counts of operating as a travel agent without being registered contrary to subsection 4(1)(a) of the Ontario *Travel Industry Act, 2002* (Act). Mr. Pelosi operated in the Keswick area and elsewhere selling accommodations and transportation to sports events. Consumer losses amounted to approximately $100,000. Mr. Pelosi was sentenced to 21 days in jail and was arrested and taken into custody on June 7, 2011.

Serwat Naz Ahmed was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Ms. Ahmed operated in Pickering and elsewhere in Ontario. Ms. Ahmed was fined $3,000 and is subject to a two year period of probation, which includes notifying the Registrar under the Act at least 5 days prior to entering into an employment or an outside sales representative contract with a TICO registrant. Ms. Ahmed, during the period of probation, must also disclose to the prospective employer her convictions under the Act. Ms. Ahmed was previously convicted in 2009 on one count of failing to maintain trust accounts contrary to section 27 of Regulation 26/05 (the Regulation) made under the Act. Ms. Ahmed was the President of Dreamworld Travel & Vacations Inc. Dreamworld Travel & Vacations Inc. had been previously registered under the Act and the registration was terminated on August 15, 2007. Claims to consumers in the amount of $1,620 were paid from the Ontario Travel Compensation Fund. Ms. Ahmed reimbursed the Travel Compensation Fund.

Nizar Laasi and 7N Canada Inc. o/a Jubilee Travels and Tours were convicted on one count each of failing to maintain trust accounts contrary to section 27 of the Regulation. Nizar Laasi was the president of 7N Canada Inc. o/a Jubilee Travels and Tours, which closed on July 26, 2010. The Ontario Travel Industry Compensation Fund paid $1,120 in claims to consumers. These claims were subsequently repaid to the Compensation Fund by Mr. Laasi. Mr. Laasi was fined $1,500 and is subject to a two year period of probation. During the period of probation, Mr. Laasi must inform the Registrar at least five days prior to signing a contract as an employee or outside sales representative, with any prospective employer in the travel industry. Mr. Laasi, must also inform his employer of his conviction under the Act. 7N Canada Inc. o/a Jubilee Travels and Tours received a suspended sentence.

Lillian Burgess o/a Cap'n Bob and Lil's Tours has been convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Ms. Burgess continued to operate in Cayuga, Ontario after her registration under the Act was revoked in August 2009. Ms. Burgess received a suspended sentence.

B.N. & D.D. International Inc. o/a Vishal Travel & Tours and Ali Anan Khan were convicted on one count each of operating as a travel agent without registration contrary to section 4(1) of the Act. B.N. & D.D. International Inc. o/a Vishal Travel, located in Windsor, Ontario, had previously been registered under the Act but continued to operate after its registration was terminated. Mr. Khan was fined $2,000 and B.N. & D.D. International Inc. o/a Vishal Travel was fined $1,000.

Jason Konstantos was convicted of four counts of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. As part of the sentence, Mr. Konstantos has paid restitution in the amount of $19,114.07 to consumers and is subject to probation for 2 years. The probation order includes that Mr. Konstantos performs 50 hours of community service and cannot be employed in the travel industry in any capacity. Mr. Konstantos was also convicted on one count of Breach of Probation contrary to section 75 of the Ontario Provincial Offences Act for failing to pay restitution of $44,000 to consumers stemming from a previous conviction under the Travel Industry Act, in 2005. For the Breach of Probation conviction, Mr. Konstantos was fined $500, paid restitution of $7,000 to consumers and is subject to a Free-Standing Restitution Order for the balance of $37,000 payable within 5 years.

Gail Ellen Tilbrook and National Direct Response Marketing Canada Inc. were convicted of one count each of operating as a travel agent without registration contrary to section 3(1) of the Ontario *Travel Industry Act*. Gail Tilbrook was the president of National Direct Response Marketing Canada Inc. and in 2003, the company sold travel certificates for airline travel. The company was not registered under the *Travel Industry Act*, and consumers lost approximately $790,000 when the travel certificates could not be redeemed. Ms. Tilbrook was sentenced to 30 days in jail and a warrant for her arrest was issued. National Direct Response Marketing Canada Inc. was fined $10,000.

Kimberly Greco and Euro International Performance Tours Inc. have been convicted of one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Euro International Performance Tours Inc. operated in the greater Toronto area and Ms. Greco was the president of the company. Consumers lost approximately $49,471. Kimberly Greco was fined $2,000 and sentenced to a two year period of probation. The probation order included restitution to consumers on the day of sentencing of $32,000 and paying additional restitution of $7,200 during the probation period. In addition, Ms. Greco cannot work in the travel industry without the permission of the Travel Registrar and will be subject to a free standing restitution order for the balance of $10,271 owing to consumers. Euro International Performance Tours Inc. received a suspended sentence.

Jorge Enrique Aroca and World Tours Int Inc. have been convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. World Tours Int Inc. operated in the greater Toronto Area. Mr. Aroca was sentenced to seven days in jail and is subject to 2 year period of probation during which he cannot be employed in any capacity in the travel industry without receiving written consent from the Travel Registrar. World Tours Int Inc. received a suspended sentence.

Consolidated Travel Activities Ltd. o/a Canadian Tours International has been convicted of one count of operating as a travel wholesaler without registration contrary to section 4(1)(b) of the Act. Consolidated Travel Activities Ltd. o/a Canadian Tours International operates in the greater Toronto Area. Consolidated Travel Activities Ltd. o/a Canadian Tours International was fined $1,000.

Peter Bartholdt and Travel Goodtime Tours Inc have been convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Travel Goodtime Tours Inc's registration under the Act was revoked in July 2011 and the company continued to operate in the Toronto Region. Peter Bartholdt was fined $1,000 and Travel Goodtime Tours Inc received a suspended sentence. Peter Bartholdt is the president of Travel Good Time Tours Inc. Travel Goodtime Tours Inc's registration was reinstated on January 26, 2012 under the Act.

Franca Perruzza has been convicted on six counts of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Ms. Perruzza was the President of 2062204 Ontario Inc. o/a Beltour, which was previously registered under the Act and terminated its registration on September 30, 2009. The company and Ms. Perruzza continued to operate after its registration was terminated. Ms. Perruzza was sentenced to 90 days in jail to be served intermittently on weekends. She is also subject to a 2 year probation order, which includes informing the Registrar of any employment in the travel industry at least 5 days before employment commences, informing any potential employer of the conviction under the Act and attend counseling as suggested by the probation officer. Ms. Perruzza is also subject to a free standing restitution order to repay victims $168,832.23.

Steve Gajadhar has been convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of Act. Mr. Gajadhar operated in Brampton and elsewhere in Ontario. Mr. Gajadhar was fined $3,000.

Proposals to Revoke Registration

A total of 47 proposals to revoke registration were issued during 2011/2012. Of the proposals issued, 2 registrants were also issued a temporary suspension. The proposals were issued for the following reasons:

	2011/12	2010/11
Failure to file Financial Statements	29	24
Failure to maintain Working Capital	4	13
Failure to maintain Trust Accounting	8	9
Other Breaches of the Act and Regulation	6	11
	47	57

TICO attended 18 pre-hearings and 2 hearings before LAT in response to the proposals issued against registrants. Pre-hearings are now a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 8 registrations were revoked, 27 proposals were withdrawn and 14 were settled by consent order. At the beginning of the fiscal year, there were 11 outstanding proposals and at the end of March 2012, there were 9 outstanding proposals.

Consumer Awareness Campaign

During the 2011/2012 fiscal year, TICO worked with Larter Advertising on TICO's Consumer Awareness Campaign. The goal was to increase awareness and to ensure that consumers gain a better understanding of what TICO does, how it can assist them and what protection is available in Ontario. The main focus of the campaign messaging was to drive consumers to TICO's website where they would be able to view informative videos and learn about TICO and the consumer protection that is available when they purchase travel services from TICO registered travel agencies.

TICO's Consumer Awareness Campaign included a 30-second television ad, which was aired on the Rogers TV Listing Channel and a 15-second online television ad, which was played as a pre-roll on GlobalTv.com. The Campaign's media strategy also included outdoor advertising with TICO posters in every GO Station and in GO transit shelters throughout Ontario as well as on the platforms in Union Station. This strategy was also accompanied by a GO Train wrap, which ran on the heaviest travelled route, the Lakeshore line. TICO's Posters promoted TICO's consumer protection message as well as encouraged consumers to go to TICO's website to enter a "Win Your Dream Trip Contest." TICO's Contest Winner was Mr. Wonryang Kim of Kingston, Ontario, who was presented with a grand prize cheque for $5,000.

For the first time, TICO's Consumer Awareness Campaign included an online social media campaign to encourage social networking of consumers. The strategy included a presence on Facebook, Twitter and YouTube and an online GO TICO GO! Contest. The contest was used to promote TICO and

to build awareness and a following for TICO on key social media platforms. The contest ran for 8 weeks on Facebook and each week a picture of Tico, our Border Terrier, was posted in a different destination. Followers on TICO's Facebook page were asked to answer the question: Where is Tico this Week? and were encouraged to get other Facebook friends involved. The names of consumers who answered correctly answered the question at the end of each week were placed in a draw for a customized Heys carry-on bag.

The Campaign's internet strategy also included the development of a mobile version of TICO's website as well as pay-per-click advertising to capture consumers on the Internet when searching for travel services. Customized landing pages provided consumers with TICO's consumer awareness message. This initiative resulted in 15,006 clicks through to the website. To extend its consumer awareness message to ethnic communities, TICO's consumer awareness advertisement was placed in several ethnic community newspapers with an editorial column, which were translated into various languages.

Public relations was also a component in the Campaign's strategy. A press conference was held at Union Station with Minister Best, the Minister of Consumer Services, who assisted TICO in promoting its consumer awareness message, which generated media coverage. TICO staff were also at Union Station that day and provided 2,000 commuters with reusable shopping bags bearing the TICO logo and consumer information pamphlets. TICO attended nine consumer trade shows and distributed informational literature.

The Campaign's public relations strategy also extended to all TICO registrants to encourage more registrants to use the Campaign messaging to always book with a TICO registered travel agency and to encourage the use of the collateral materials available for download from TICO's website to allow Ontario registrants to participate in and support the Campaign. Online banner ads were placed on various trade media websites with a link to a video, which included various industry leaders promoting the benefits to TICO registrants to use the TICO Logo and incorporate TICO's Consumer Awareness Campaign messaging in all their touch points with consumers.

TICO conducted an online omnibus survey to measure the success of the campaign. Awareness of TICO in Ontario dropped slightly to 28% in 2011/12 compared to 30% in the previous year. There was an increase in awareness of TICO in the GTA area to 36% in 2011/2012 compared to 34% in the previous year. Overall, understanding by consumers that TICO assists with complaints against TICO registrants decreased to 48% in 2011/2012 compared to 57% in the previous year. Awareness that TICO provides refunds to consumers who do not receive the travel services for which they paid decreased to 31% (from 37% in the previous year). A total of 71% of respondents identified at least one role correctly compared to 76% in 2011.

In addition, the survey resulted in a slight decrease in the understanding by consumers that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund to 62% from 70% in the previous year.

TICO's goal is to increase the overall results in the upcoming years. A new campaign strategy will be developed to benefit both consumers and registrants and will continue to focus on increasing both consumer and registrant awareness in Ontario.

French Language Services

TICO strives to respond to all inquiries received in the French language, whether oral or written. A comparable level of service will be provided in either language whenever and wherever demand and customer service warrant. TICO staff are able to communicate in several languages and provide both registrants and consumers with a timely, courteous and quality response to all French language enquiries. Correspondence received in French is responded to in French.

FINANCIAL REVIEW

The following financial review is based on the audited financial statements for the Travel Industry Council of Ontario for the year ended March 31, 2012 with comparative figures for March 31, 2011.

Overview

As at March 31, 2012, the combined Net Assets of TICO were $25,244,414 compared to $25,847,583 for the year ended March 31, 2011. The decrease in Net Assets was a result of total expenses exceeding revenues by $603,169 for the year compared to $853,177 in the prior year. Total revenues increased in 2011/2012 by 10%, while total expenses, including claims have only increased by 1%.

TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2012, the assets held for the Compensation Fund totaled $24,697,605 compared to $25,343,409 as of March 31, 2011.

Revenue

Total Revenue for the year ended March 31, 2012 was $3,464,664 and derived from semi-annual assessments paid by registrants to the Compensation Fund ($682,229), applications for renewal of registrations ($1,023,927) and from new applications for registration ($400,800). A total of $1,357,708 in investment income was earned during the year.

Semi-Annual Assessments

All registrants are required to pay into the Compensation Fund based on their gross travel sales. The current contribution rate for both retail and wholesale registrants is .05 per $1,000 of sales. Semi-Annual Assessments were higher in 2012 at $682,229 compared to $616,927 in 2011.

	2012	2011
Retail	$ 498,016	$ 461,999
Wholesale	184,213	154,928
	$ 682,229	$ 616,927

Registration Fees

Revenue from registration fees is derived from two sources, new registration fees and renewal fees. A fee increase was implemented effective July 1, 2011. New registration fees increased from $2,750 to $3,000 for a head office and increased from $750 to $800 for a branch office and cover a one year period of registration. Renewals are made annually and are based on a registrant's sales volume and range from $300 to $1,800 per head office. Prior to the fee increase in July 2011, the renewal fees ranged from $250 to $1,500. The renewal fee for a branch office is $300 (previously $250). Renewal Fees in 2012 were $1,023,927 compared to $828,136 in 2011. The increase is as a result of the fee increase implemented in July 2011. New Registrant fees were $400,800 in 2011, an increase of 19% compared to $337,313 in 2011.

Investment Income

Investment income is $1,357,708 for 2012 compared to $1,375,229 in 2011.

Expenses

Total expenses increased in 2012 to $4,067,833 from $4,010,782 in 2011. The significant variances are as follows:

Claims

Total claims expense for the year ended March 31, 2012 was $441,321 compared to $254,944 in 2011. The majority of claims in 2012 relate to

the failures of Atlas Air Travel, Minfare Travel and Panorama Travel and Tours Ltd. Claims expense consists of three components: (1) claims, including trip completion and imminent departure expenses, from registrant failures of $393,689 and (2) claims from the failures of non-registrant end supplier airlines and cruise lines of $75,603, and (3) professional fees of $33,314 and $4,264 of direct expenses incurred in relation to closures and recoveries. Recoveries from security deposits and repayments from registrants totaled $65,549, which reduced net claims to $441,321. Non–registrant claims from the failures of end supplier airlines and cruise lines represent 16% of the claims paid.

Salaries and Benefits have decreased in 2012, due to a one-time cost for senior management retirement benefits charged in 2011.

Consumer and Registrant Awareness expense for 2012 is greater than 2011 by $7,090. Expenses in this category include TICO's province wide Consumer Awareness Campaign, the cost of TICO's quarterly newsletter, TICO's website and the cost of participation at consumer trade shows. The increase relates to costs to implement a mobile version of TICO's website.

General and Office has decreased by 16% over the prior year. Part of the decrease is attributed to balance of the One Step Travel Review being expensed in the prior year. LAT hearings expense is also included in this category and there were fewer LAT hearings held in 2012 compared to the prior year. As well, TICO has tried to reduce costs where possible and was able to achieve some savings with general and office expenses.

Board Meeting Expense has increased by $83,239 in 2012 over the prior year. This expense category includes the cost of TICO's AGM, Board of Directors remuneration and meeting expenses. The increase relates to increased costs for the AGM as an election was held for one board position in November 2011. In the prior year, there was not an election as the candidate won by acclamation. Additionally, expenses were increased as several Directors submitted expenses for prior years, which had not been previously accrued.

Government Oversight Fees expense was $109,111 for 2012 compared to $109,010 for 2011. These fees are paid to the Ministry under the terms of TICO's Administrative Agreement. The current Administrative Agreement was signed on August 1, 2005.

Computer Expenses have increased in 2012 as TICO upgraded its computer systems and the increased cost relates to the implementation of the upgrade.

Regulatory Reform and Education Standards expense includes expenses related to legislative review and the maintenance of education standards. CITC manages the exam process for TICO for the education standards. During the year, TICO recovered fees of approximately $22,000 from CITC in accordance with the contract. In 2012, TICO completed a consumer study to determine whether consumers would be willing to pay for enhanced compensation fund coverage or whether it might deter them from dealing with TICO-registered agencies. The cost of this study of approximately $18,000 has been included in this expense.

APPENDIX I

TRAVEL INDUSTRY COUNCIL OF ONTARIO
FINANCIAL STATEMENTS
MARCH 31, 2012

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Auditors' Report	1.1
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TRAVEL INDUSTRY COUNCIL OF ONTARIO

AUDITOR'S REPORT

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 200
Toronto, Ontario
M2J 5B4, Canada
Phone 416-495-1234
Fax 416-496-0125
Email info@mhc-ca.com
Web www.mhc-ca.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Travel Industry Council of Ontario

We have audited the accompanying financial statements of the Travel Industry Council of Ontario, which comprise the statement of financial position as at March 31, 2012, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and apropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Travel Industry Council of Ontario as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 29, 2012

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TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012

	2012 $	2011 $
ASSETS		
CURRENT		
Cash and cash equivalents	5,429,009	5,159,330
Restricted cash (Note 3)	284,233	283,204
Investments	22,778,982	23,455,091
Prepaid expenses and deposits	61,938	64,261
	28,554,162	28,961,886
EQUIPMENT (Note 4)	235,674	236,835
	28,789,836	29,198,721
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	828,523	724,019
Deposits from registrants	2,641,648	2,540,528
	3,470,171	3,264,547
LEASEHOLD INDUCEMENT	75,251	86,591
	3,545,422	3,351,138
NET ASSETS		
Restricted for the Ontario Travel Industry Compensation Fund	24,697,605	25,343,409
Invested in equipment	235,674	236,835
Unrestricted	311,135	267,339
	25,244,414	25,847,583
	28,789,836	29,198,721

Commitments and contingencies (Note 7)

APPROVED ON BEHALF OF THE BOARD:

Signed "Michael Janigan", Chair of the Board

Signed "Jeff Element", Chair of the Audit Committee

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2012

	Invested in Equipment	Restricted For The Ontario Travel Industry Compensation Fund	Unrestricted	2012 Total	2011 Total
	$	$	$	$	$
Balance, beginning of year	236,835	25,343,409	267,339	25,847,583	26,700,760
Excess of (expenses over revenues)	–	(646,443)	43,274	(603,169)	(853,177)
Purchase of equipment	57,295	(31,512)	(25,783)	–	–
Loss on disposal of equipment	(918)	505	413	–	–
Amortization of equipment	(57,538)	31,646	25,892	–	–
Balance, end of year	235,674	24,697,605	311,135	25,244,414	25,847,583

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2012

	2012 $	2011 $
REVENUE		
Renewals	1,023,927	828,136
Semi-annual payments from registrants	682,229	616,927
New registrants	400,800	337,313
Investment income	1,357,708	1,375,229
	3,464,664	3,157,605
EXPENSES		
Claims and trip completion costs	469,292	218,597
Closure expenses	4,264	–
Professional fees and services	33,314	74,554
	506,870	293,151
Less: Recoveries	(65,549)	(38,207)
	441,321	254,944
Salaries and benefits	1,624,406	1,843,028
Consumer and registrant awareness	574,226	567,136
Inspections, compliance and prosecutions	495,502	474,765
Board meeting expense	222,899	139,660
Rent	187,510	180,242
General and office	169,999	203,246
Ontario Government oversight fees	109,111	109,010
Computer	98,191	57,642
Insurance	40,392	39,917
Professional fees	27,713	23,768
Travel	7,878	9,451
Credit checks	7,851	7,339
Consumer advisory committee	3,339	–
Regulatory reform and education standards	(43)	50,237
Amortization	57,538	50,397
	4,067,833	4,010,782
Excess of (expenses over revenues)	(603,169)	(853,177)

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	(603,169)	(853,177)
Adjustments for:		
Amortization	57,538	50,397
Unrealized gains on investments	59,390	(1,235,800)
	(486,241)	(2,038,580)
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits	2,323	(17,780)
Accounts payable and accrued liabilities	103,475	86,677
Deposits from registrants	101,120	563,880
Leasehold inducement	(11,340)	(11,341)
	195,578	621,436
Cash flows from operating activities	(290,663)	(1,417,144)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,828,480)	(7,331,000)
Redemption of investments	3,445,199	11,457,711
Disposal of equipment	918	–
Purchase of equipment	(57,295)	(9,521)
Cash flows from investing activities	560,342	4,117,190
Change in cash and cash equivalents	269,679	2,700,046
Cash and cash equivalents, beginning of year	5,159,330	2,459,284
Cash and cash equivalents, end of year	5,429,009	5,159,330
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	3,427,670	3,311,415
Cash equivalents	2,001,339	1,847,915
	5,429,009	5,159,330
SUPPLEMENTAL INFORMATION		
Restricted cash received for settlement of claims payable (Note 3)	284,233	283,204

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. NATURE OF OPERATIONS

The Travel Industry Council of Ontario ("TICO") was incorporated on April 7, 1997 as a not-for-profit corporation without share capital, under the laws of Ontario. TICO is designated by the Lieutenant Governor in Council, as the Administrative Authority responsible for administration of the Ontario *Travel Industry Act, 2002* (the "Act"). TICO's responsibilities are to carry out delegation of The Act in accordance with the Administrative Agreement and to achieve the Government of Ontario's goal of maintaining a fair, safe and informed marketplace.

The Ontario Travel Industry Compensation Fund (the "Fund") is a fund established under the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 to reimburse consumers for travel services when they have been paid to an Ontario registrant, the travel services have not been provided and the registrant is unable to refund their money by reason of bankruptcy or insolvency. The Fund also pays for certain repatriation related expenses. Under certain conditions, the Fund also pays claims resulting from the failure of cruiselines and airlines (end suppliers) to provide travel services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of TICO are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year, except as described below. Outlined below are those policies considered particularly significant.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided as follows:

Furniture and equipment	20% diminishing balance
Computer hardware	3 years straight-line
Computer software	2 years straight-line
Database	5 years straight-line
Vehicle	30% diminishing balance

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Revenue Recognition:

The deferral method of accounting for contributions is followed. The application of this method of accounting results in revenue in the form of semi-annual payments from registrants, as well as renewals and application fees from new registrants, being recorded when received. Interest income is recorded on an accrual basis.

Claims:

Claims are recorded at the time of approval by the Board of Directors. Standard claims must be made within six months after the registrant, or end supplier becomes bankrupt, insolvent or ceases to carry on business. Trip completion claims must be made within three months after the registrant failure.

Recoveries:

Amounts recoverable to offset claims paid, including commissions recoverable from registrants, are recorded when received.

Director Directed Trip Completion Costs:

Payments for trip completion under Section 69 of the Regulation are authorized solely by the Director under the Act and are recorded when paid.

Lease Inducement:

Lease inducement is amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 2.25% to 4.62% and with maturity dates ranging from three months to ten years from March 31, 2012. Investments are carried at market value.

Financial Instruments:

Financial assets and liabilities are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in the statement of operations for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in the statement of changes in net assets until the asset is removed from the balance sheet or until any impairment is determined to be other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

TICO's investments have been classified as held-for-trading. Accounts payable and accrued liabilities have been classified as other financial liabilities.

TICO classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Prior year figures:

Certain prior year figures have been reclassified to conform to the presentation adopted in the current year.

Future Accounting Changes:

The Accounting Standards Board ("AcSB") has approved a new framework that is based on Accounting Standards for Private Enterprises ("ASPE") and incorporates the 4400 series of standards. Not-for-profit organizations also have the option of adopting International Financial Reporting Standards ("IFRS"). The new standards are effective for year ends commencing on or after January 1, 2012 with early adoption permitted. TICO is currently assessing these alternate standards and expects to adopt ASPE

3. RESTRICTED CASH

The Ontario Superior Court of Justice approved the discharge of the Judicial Trustee of C3 Leisure Limited o/a Canada 3000 Holidays on December 24, 2009. The Court appointed TICO to administer the funds remaining in the trust account. TICO is to administer the funds until November 18, 2012, at which time after recovering its costs for administration of the funds, the residual funds would be allocated to the Ontario Travel Industry Compensation Fund. The residual funds are to be used for ongoing consumer education and awareness of their rights and responsibilities under the Act.

4. EQUIPMENT

	Cost	Accumulated Amortization	2012 Net	2011 Net
	$	$	$	$
Furniture and equipment	222,947	165,805	57,142	70,080
Computer hardware	93,104	75,267	17,837	12,206
Computer software	32,258	8,065	24,193	-
Database	244,416	244,416	-	-
Leasehold improvements	204,705	71,647	133,058	153,529
Vehicle	4,052	608	3,444	1,020
	801,482	565,808	235,674	236,835

5. RESTRICTED NET ASSETS

Article 2.01 of By-law one of TICO requires that all monies held shall be used in promoting its objects. Section 52 of Ontario Regulation 26/05 enacted under the Act requires that all money in the Fund and any income on such money shall be held by TICO in trust for the benefit of claimants whose claims for compensation are approved by TICO in accordance with the Regulation. Section 73 of Ontario Regulation 26/05 provides that remuneration of advisors may be paid from the Fund.

Ontario Regulation 26/05 made under the Act restricts the maximum amount that may be reimbursed for a failure to provide travel services with respect to all claims arising out of an event or major event to $5,000,000, plus an additional $2,000,000 for trip completion costs. The Fund pays a maximum claim of $5,000 per person.

6. INCOME TAXES

As a not-for-profit corporation, TICO is not subject to income taxes, in accordance with Section 149(1)(l) of the Income Tax Act.

7. COMMITMENTS AND CONTINGENCIES

(a) Under terms of an Administrative Agreement signed August 1, 2005 between TICO and the Ministry of Government Services (the "MGS"), TICO is obligated to pay a maximum annual fee, based on cost recovery, of $130,000 per year to the Province of Ontario. The MGS may increase this annual payment above the maximum amount in any given year in accordance with the terms of the Administrative Agreement.

(b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2018. Minimum rental commitments remaining under this lease approximate $659,200. Minimum rental commitments for successive years approximate the following:

2013	$ 90,400
2014	94,200
2015	101,700
2016	101,700
2017 and beyond	271,200
	$ 659,200

(c) TICO, the Registrar and the Statutory Director under the Act are being sued by Sunrise International Travels Inc. for pecuniary and non

pecuniary damages of $2 million and punitive damages of $1 million. The legal proceedings arose due to Sunrise's registration with TICO being terminated. The outcome of this dispute is currently unknown and, as a result, no amounts have been accrued in the these financial statements. Any claims or costs resulting from the legal proceedings will be charged to operations in the year that they are determined.

(d) During 2011, TICO entered into a retirement agreement with a member of management. The minimum obligation under this contract approximates $268,000. The effective date of the termination is expected to be March 31, 2014 or later, with the majority of the commitment being payable over a twelve-month period commencing on the effective date of the retirement. As at March 31, 2012, accounts payable and accrued liabilities includes approximately $252,000 related to this obligation, which represents the estimated fair value of the obligation at March 31, 2012 using a discount rate of 5% and an expected termination date of March 31, 2014. Salaries and benefits expense for 2012 includes $11,000 (2011 - $241,000) related to this obligation.

8. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that TICO disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

As at March 31, 2012, TICO's financial instruments that are carried at fair value, consisting of cash equivalents and investments, have been classified in the following levels:

	Level 1 $	Level 2 $	Level 3 $
Cash equivalents	2,001,339	–	–
Investments	15,777,774	7,001,208	–

As at March 31, 2011, TICO's financial instruments that are carried at fair value, consisting of investments, have been classified in the following levels:

	Level 1 $	Level 2 $	Level 3 $
Cash equivalents	1,847,915	–	–
Investments	15,976,085	7,479,006	–

Interest Rate Risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. TICO has investments in financial instruments that include term deposits, short-term notes, bonds and debentures which are subject to interest rate risk. TICO does not hedge its exposure to interest rate risk as it considers such risk to be minimal.

Foreign Exchange Risk:

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. TICO does not use derivatives to modify foreign exchange risk.

Market Risk:

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. TICO is exposed to market risk as a result of its investments. TICO mitigates its market risk exposure through controls to limit concentration levels.

9. CAPITAL DISCLOSURES

TICO's capital is comprised of its net assets. TICO's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate (Note 1). TICO achieves this objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating budget. See also Note 4.

Section 72(2) of Ontario Regulation 26/05 provides that TICO may, from time to time, invest any money of the Fund that is surplus to its immediate requirements in property in which a trustee is authorized to invest, in accordance with the Trustee Act.

The TICO Board adopted the following policy with respect to investing surplus funds of TICO:

A minimum of $2,000,000 of such surplus funds will be invested in qualifying investments that mature within one year. The remainder of the surplus funds not invested in short-term investments will be invested in qualifying investments, which will be laddered in approximately equal proportions with maturities ranging between 2 and 10 years.

Approved Investments:

- Government - all government of Canada bonds and guarantees, all liabilities of Provinces of Canada and their guarantees.
- Banks/Trust Companies/Central Cooperative Credit Societies - Investments include Bearer Deposit Notes (BDNs), Bankers Acceptances (BAs), Guaranteed Investment Certificates (GICs), Certificates of Deposit (CDs) but do not include Swap Deposits. Authorized investments also include other liabilities unconditionally guaranteed by the Banks or the regulated Trust Companies.
- All funds must be invested in Canadian dollar denominated financial instruments.

Ratings:

The criteria for the inclusion of a bank, trust company or a central co-operative credit society on this list of authorized investments is:

	One Year or Less (Short Term Paper)	Over One Year in Length
Dominion Bond Rating Service (DBRS)	R-1	A
Canadian Bond Rating Service (CBRS)	A-1	A

Maximum Holdings:

Each individual investment in or guaranteed by any one bank, trust company or central cooperative credit society other than the Bank of Nova Scotia, Royal Bank of Canada, Bank of Montreal, Toronto-Dominion Bank and Canadian Imperial Bank of Commerce should not exceed 3% of the total amount invested and the aggregate of such investments should be not more than 20% of the total amount invested.

Business Plan

April 1, 2012 – March 31, 2015

In assuming the delegation from the Ontario Government for administering the *Travel Industry Act, 2002*, which governs approximately 2,500 travel retailers and wholesalers registered in Ontario, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance. TICO's mission, vision and values will serve as guiding principles to staff and Board members and against which all initiatives will be measured.

The 15th year Business Plan which follows outlines:

- The specific objectives, actions and performance measures for accomplishing the agenda in an ongoing three-year planning period.
- The operating environment established to support it.

Business Objectives

Environment

It looks like 2012 is shaping up to be another challenging year in the travel industry. There are a number of global and regional influences, which have the power to impact the state of the industry. Concerns about government debt in the United States and Europe, volatile stock markets and worries about recession weigh heavily on the minds of travel business owners and executives. How will these economic factors impact consumer confidence? Will banks be less willing to lend money due to a potential credit crunch? Adding to the concerns are new fears about oil price increases. Then, when you add weather events, natural disasters, civil and political unrest - travel businesses are constantly required to readjust their business forecasts to account for new developments. In addition to dealing with the events themselves, the media coverage of those events can have a significant influence on the ultimate outcome.

This is not an easy industry. Even finding staff can be challenging. It has been stated that there is a "recruitment crisis" as new agents are needed to replace a rapidly aging workforce. Further, the way that travel is sold is constantly evolving as new technology alters the landscape. Currently, the increasing use of social media and mobile devices is having an impact on the business. Competition within the industry is fierce. Consumers are demanding - they want great products, exceptional service and low prices. Further, they want to be protected and compensated should anything go wrong.

At TICO, trying to keep up with all the changes in the industry to ensure that consumers are protected is a challenge as well. TICO has concerns regarding whether the provincial Compensation Fund is adequate to protect the public. While TICO wants to enhance the protection offered by the Compensation Fund to ensure that consumers are protected, it must consider the

costs involved and whether the industry and the travelling public can absorb those costs. TICO is working in partnership with the Ministry of Consumer Services to determine whether enhancements to the Regulation would be desirable to further consumer protection. Both TICO and the Ministry must carefully consider the implications for all stakeholders.

Since Ontario is one of only three provinces in Canada that has specific travel legislation, TICO must consider how any rules that the government puts in place will impact registrants. TICO is always mindful of the fact that registrants are competing with travel service providers operating in other jurisdictions who may not be subject to the same requirements. TICO is constantly striving to balance the need to protect consumers without unduly burdening and restricting business. Over the next year, TICO in partnership with the Ministry will be continuing to look at where enhancements may be needed to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 to ensure that any gaps in consumer protection as a result of new developments in the industry, new technologies or changes to the business model of how travel services are being sold, are addressed. It is a challenge.

On the plus side, while our jobs may be challenging, living in a world where there is a constant feeling of crisis makes one need a vacation, which is one reason the travel business should always endure. When people book their vacations, we want them to do so through a TICO registered travel agency. Another objective of TICO this year will be to get registrants more involved in TICO's Consumer Awareness Campaign. The goal of the campaign is to make consumers aware about TICO and the benefits of dealing with TICO registered travel agents. We believe that our registrants provide a tremendous value to their clients. Working together, we want to ensure that everyone else knows that as well.

STRATEGIC PRIORITIES

As a result of the changing environment in the industry, the TICO Board of Directors has set the following strategic priorities for the future. The Board considered short term, medium term and long range goals. The Business Objectives that TICO will focus on in this 3-year Business Plan are listed below. TICO may also initiate some preliminary work on the objectives found in Horizons 2 and 3 over the next year. You will note that the latter Horizons are classified "0-5" and "0-10" to reflect this.

HORIZON 1 (0-3 years)

In partnership with the Ministry, consider enhancements to the consumer protection provided by the Compensation Fund.

Review the business model of how travel services are being sold.

Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 in collaboration with the Ministry.

Use public relations to promote registrant participation in TICO's Consumer Awareness Campaign.

HORIZON 2 (0-5 years)

Take a lead role in promoting harmonized standards with other industry stakeholders, provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.

Participate in exploring the feasibility of a national travel compensation fund with other stakeholders and promote the protection of consumers across Canada.

HORIZON 3 (0-10 years)

Explore the development of turn-key solutions for self-management and consumer protection that can be sold to other jurisdictions and/or industries.

Business Objectives for 2012 / 2013:

Objective #1:

In partnership with the Ministry, consider enhancements to the consumer protection provided by the Compensation Fund.

Performance Goal:

- Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants.

Performance Measures for 2012/2013:

- Utilize stakeholder feedback to identify possible enhancements to the coverage provided by the Compensation Fund.
- Conduct financial analysis to determine the appropriate level of the Compensation Fund based on coverage.
- Work with the Ministry to determine how to address gaps in consumer protection.

Objective #2:

Review the business model of how travel services are being sold.

Performance Goal:

- Ensure the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.

Performance Measures for 2012/2013:

- Assess whether gaps exist in consumer protection in light of social media and the Internet.
- In consultation with the Ministry, determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes to ensure appropriate consumer protection measures are in place.

Objective #3:

Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 in collaboration with the Ministry.

Performance Goal:

- Enhance the effectiveness of the Act and the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.

Performance Measures for 2012/2013:

- Review the Act and the Regulation to determine where changes would be beneficial.
- Meet with government representatives to discuss possible enhancements to the Act and the Regulation.
- If it is determined that changes to the Act and Regulation are desirable, consult with stakeholders on proposed changes as appropriate.

Objective #4:

Use public relations to promote Registrant participation in TICO's Consumer Awareness Campaign.

Performance Goals:

- Increase awareness of TICO and the consumer protection that exists in Ontario through TICO registrants.

Performance Measures for 2012/2013:

- Conduct a registrant survey to obtain feedback on TICO's Consumer Awareness Campaign and whether TICO registrants are using the collateral materials available to let consumers know that they are registered with TICO and about the consumer protection that exists in Ontario.
- Identify gaps in TICO communications with registrants and identify opportunities to enhance understanding of TICO's mandate.

- Improve registrant knowledge of the tools available to assist them in educating consumers as to the benefits of dealing with TICO registrants.
- Increase the use of the TICO logo and collateral materials related to TICO's Consumer Awareness Campaign.

TICO Performance Measures 2012/2013

As part of its efforts to indicate that it is promoting a fair and informed marketplace where consumers can be confident in their travel purchase, TICO will be publicly tracking and reporting on the following Measures:

Consumer Awareness and Education:

1. TICO's Consumer Awareness Campaign ensures that consumers are aware of the existence of TICO.

Performance Goal

- To maintain the current levels of awareness of the TICO brand among Ontario travellers.

Performance Measure

- Identify percentage of consumers surveyed who report that they are aware of the existence of TICO.

2. TICO's Consumer Awareness Campaign ensures that consumers understand the roles that TICO performs and the benefits of booking travel services through an Ontario registered travel agent.

Performance Goal

- To maintain the percentage of consumers surveyed who identified at least one of TICO's roles correctly.

Performance Measures

- Identify percentage of consumers surveyed who could identify the roles that TICO performs.
- Identify percentage of consumers surveyed who understand that they must purchase their travel services from an Ontario registered travel agency to obtain the protection of TICO and the Compensation Fund.

Consumer Protection:

1. TICO's Financial Inspection Program ensures that consumers are better protected through financial inspections and monitoring.

Performance Goal

- Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.

Performance Measures

- Identify the number of site inspections completed.
- Identify the number of bench reviews completed.
- Identify the number of registrants with working capital deficiencies, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants who failed to file their financial statements on time, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that failed and resulted in claims against the Compensation Fund.

2. TICO's Compensation Fund provides timely and fair resolution of claims.

Performance Goal

- For claims received during the year, 70% of approved claims were processed within 120 days of receipt.

Performance Measures

- Identify the number of claims received during the year.

- Identify the value of the claims received during the year.
- Identify the value of claims received during the year that were paid.
- Identify the number of consumers assisted during the year.
- Identify the average time to resolve claims received during the year.
- Identify the percentage of claimants surveyed who report the process was timely and fair.
- Identify the number of LAT claim appeals and results.

TICO Revenue And Expense Forecast

	Business Plan 2012/2013	Business Plan 2013/2014	Business Plan 2014/2015
Revenues			
Semi-Annual Assessments	525,000	1,201,000	2,308,000
New Registrations	235,000	235,000	235,000
Renewals	1,022,000	1,022,000	1,022,000
Interest	740,000	700,000	700,000
	2,522,000	3,158,000	4,265,000
Operating Expenses			
Compensation Fund Claims	640,000	640,000	640,000
Salaries & Benefits	1,771,000	1,856,000	1,842,000
Administration	1,142,000	1,165,000	1,188,000
Industry Initiatives	647,000	557,000	557,000
Inspections & Compliance	636,000	649,000	662,000
	4,836,000	4,867,000	4,889,000
Excess Receipts over Payments	(2,314,000)	(1,709,000)	(624,000)
Net Compensation Fund/TICO Assets beginning of period	25,244,000	22,930,000	21,221,000
Total Compensation Fund/TICO Assets	22,930,000	21,221,000	20,597,000
Compensation Fund/ TICO Assets Breakdown			
Compensation Fund Asset	22,442,000	20,676,000	19,999,000
TICO Asset	488,000	545,000	598,000
	22,930,000	21,221,000	20,597,000

Notes

1. Compensation Fund Assessments assume that the rate is .9% per $1000 of sales for retail and .4% for wholesale for 2012/2013. In 2013/2014, it is assumed that the Compensation Fund rate will be .15 per $1,000 of sales and for 2014/2015 the rate will be .25 per $1,000 of sales.
2. Registration Fees based on current rates.
3. Interest assumed to be 3.0% per annum.
4. Industry Initiatives include: In 2012/2013, Consumer Awareness Campaign $500,000, $12,000 for Education Standards, $20,000 for Consumer Advisory Committee, $90,000 for the Regulatory Reform and $25,000 for communications. For 2013/2014, Consumer Awareness Campaign $500,000, $20,000 for Consumer Advisory Committee, $12,000 Education Standards. For 2014/2015, Consumer Awareness Campaign $500,000, and $20,000 for Consumer Advisory Committee and $12,000 Education Standards.

APPENDIX II

TICO Board Of Directors 2012-13 (as of March 31, 2012)

Industry Representatives

Jim Diebel
President
Hanover Holiday Tours Limited
Hanover, ON

Jeff Element
President
Travel Corporation Canada
Toronto, ON

Mike Foster
President
Uniglobe Instant Travel
London, ON

Daryl McWilliams
Vice President Sales & Marketing
Sunwing Travel Group
Toronto, ON

Thanushka Nanayakkara, CTM
President
NARAT Incorporated
Toronto, ON

Paul Samuel
President
Overseas Travel Ltd.
Toronto, ON

Scott Stewart - Vice Chair
President
G. Stewart Travel Services Ltd.
Peterborough, ON

Richard Vanderlubbe
President
Travel Superstore Inc.
Hamilton, ON

Kathleen Warren, CTM
Senior Travel Consultant
Allison's Travel Agency Ltd.
Windsor, ON

Linda Wright
Director Customer Service & Legal
Thomas Cook Canada Inc.
Toronto, ON

Ministerial Appointments

Jean Hébert
Senior Consultant
Raymond Chabot Grant Thornton & Co.
Ottawa, ON

Michael Janigan, J.D., LL.M. – Chair
Executive Director & General Counsel
Public Interest Advocacy Centre (PIAC)
Ottawa, ON

Patricia Jensen
Member
Consumers Council of Canada
Toronto, ON

Shaher Bano Noor, C.A., C.F.P.
Managing Partner
Rosenthal Pervez & Noor LLP
Chartered Accountants
Mississauga, ON

Dr. James Savary
Department of Economics
Glendon College,
York University
Toronto, ON

Board Of Director Biographies

Jim Diebel

Hanover Holiday Tours has been operating escorted Motor Coach Tours across Canada and the United States since 1974. Jim Diebel joined the company in 1986 and in 1993 purchased the company, along with his wife, Diane. The company has grown dramatically, yet remained firmly committed to selling its tour packages through Travel Agents. In addition to being elected to the TICO Board in the fall of 2010, Jim also serves as Board member of Motor Coach Canada and is a past board member of the American Bus Association. Jim serves on TICO's Governance, E-Commerce, Alternate Finance and Complaints Committees.

Jeff Element, CMA, CTM

Jeff Element is a graduate of the University of Toronto with an Honours Bachelor of Arts degree in Commerce and Economics. In 1995, he obtained his professional designation in management accounting from CMA Canada. Jeff celebrates his sixteenth anniversary with The Travel Corporation Group of Companies in 2012. He began his career with the company in the role of Financial Controller, with an eventual promotion to Vice President of Finance in 1998. Over time, Jeff became increasingly more involved in the other aspects of the business, including sales and marketing, operations and reservations, eventually coming to oversee several other departments, including Air Ticketing, Customer Service, Documentation and Information Technology. In 2006, he was appointed to the role of President for the Canadian operation. He is actively involved in the travel industry, having received his Certified Travel Manager designation in 2006 and being appointed to the Board of Directors for TICO in 2005 as a representative of the Canadian Association of Tour Operators.

Mike Foster

Mike Foster is President and owner of UNIGLOBE Instant Travel Inc. with two locations in London and a number of home-based travel professionals. Mike started with UNIGLOBE in 1982 and has over the years added a number of high profile agencies through acquisition, building one of the area's largest travel agency companies.

Mike has served a variety of roles in both ACTA Ontario and TICO for the past several years. He has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including Sunshine Foundation, Junior Achievement, the Small Business Centre and the London Health Sciences Centre.

Mike has also been involved in the submissions of proposed legislative changes by both ACTA and TICO and is focused on bringing real, substantial and positive change to the travel industry. Mike is currently the Chairman for the ACTA Ontario Council and holds a seat on the ACTA National Board of Directors.

Jean Hébert

Jean Hébert is a senior consultant with the Performance and Strategic Consulting Group at Raymond Chabot Grant Thornton in Ottawa. He has been a consultant in strategic planning and positioning and in government relations since 2006. He has worked for more than fifteen years at the provincial and federal level as a senior policy advisor and ministers' chief of staff in various government departments. He also worked at a senior management level and special advisor to the chairman of the board of Canada Post Corporation.

Mr. Hébert was born in Québec where he also obtained his bachelor degree in political sciences with Honors in public administration. He joined the TICO Board in 2011 as a ministerial appointee and serves on TICO's Governance and Legislative & Regulatory Review Committees.

Michael Janigan, J.D., LL.M.

Michael Janigan is the Executive Director and General Counsel of the Public Interest Advocacy Centre (PIAC) located in Ottawa, Canada. The Centre provides legal services and research in issues involving the delivery of important public services on behalf of Canadian consumers, and the organisations that represent them. The Centre has been in existence since 1976 and has a small staff of lawyers, researchers and administrative personnel located in Ottawa and Toronto.

The Centre has been engaged in transportation issues on behalf of the travelling public, and, as a partner with the travel industry, has engaged in advocacy in support of consumer protection and passenger rights in airline travel. PIAC has made presentations before House and Senate Committees in support of all-in price requirements for airline advertising to level the playing field with the current required practice in the travel industry.

Mr. Janigan has been the Executive Director of the Centre since 1992. Prior to assuming his current position, Mr. Janigan was a city and regional councillor representing a downtown ward in the City of Ottawa. He was elected to that position in the community where he carried on a busy litigation practice.

Mr. Janigan was born in Ottawa, and attended the University of Western Ontario, in London, Ontario where he obtained both his undergraduate degree in science and his law degree. He has also received an LL.M degree in competition law from the University of London. He has been called to the Bar of the Law Society of Upper Canada and is also a member of the State Bar of California.

Daryl McWilliams

Daryl is a graduate of McMaster University with a Bachelor of Arts degree in Philosophy of Religion. He entered the travel industry in 1970 and held a variety of management and executive positions at Sunflight Holidays and Skylark Vacations before founding his own company, Paramount Holidays, in 1981. Following the sale of Paramount, he launched Encore Cruises in partnership with International Travel Holdings in 1991 until selling his interest to U.K. based First Choice in 1995. After a brief stint in retail travel, Daryl joined Sunwing Vacations in 2004 where he holds the position of Vice President Sales and Marketing. He was one of the founding members of CATO and is still involved with the organization, currently holding the position of Vice Chairperson.

Thanushka Nanayakkara, CTM

President and CEO of NÂRAT, Thanushka Nanayakkara, CTM, is a 3rd generation industry veteran from a family that had pioneered travel in parts of the world, and helmed world travel industry bodies including presidency of the United Federation of Travel Agents Associations (UFTAA), in addition to chairing international Tourism Boards.

His extensive travel industry experience entails managing positions within major facets of the industry, including leading retail agencies, tour wholesalers, tour operators, airline consolidators, coach transport companies and air transport companies.

Thanushka Nanayakkara holds College and University qualifications in Business and Cultural Studies, and is professionally accredited with the Canadian Institute of Travel Counsellors (CITC) as CTM and participates on Seneca College's Tourism Faculty Advisory Committee.

He is a member of the Ontario Board of Directors for the Association of Canadian Travel Agencies (ACTA) and sits as its representative on the Travel Industry Council of Ontario (TICO) Board. He is a standing member of the Travel and Tourism Research Association (TTRA), represented by the Tourism Industry Association of Canada (TIAC).

A well regarded Public Speaker, his literary insights have been published in Canadian and international journals and has published the professional advice column Experience Matters for Travel Agents in the Travel Courier magazine, one of Canada's leading travel trade publications.

S. Bano Noor, C.A., C.F.P.

Ms. S. Bano Noor is the Managing Partner of Rosenthal Pervez & Noor, LLP, a CA Firm in Mississauga, Ontario and practices in the areas of financial analysis, assurance services, financial & tax planning, and risk management for a diverse portfolio of her clientele. She has worked in various capacities in regional and national accounting firms in the Greater Toronto Area for over 25 years. She has gained expertise in municipal audits, financial controls and reporting requirements to municipal councils and provincial governing bodies. Ms. Noor is a member in good standing of the Institute of Chartered Accountants of Ontario (ICAO), and is also a a Certified Financial Planner (Canada), a Certified Management Accountant (US) and a Certified Public Accountant (US). She is currently the President of the Chapter of Halton Peel Chartered Accountants Association where she recently served as the Treasurer. Ms. Noor is a ministerial appointee on the TICO Board for a term of two years and is a member of the TICO Audit Committee and the Business Strategy Committee.

Patricia Jensen

Patricia is a ministerial appointee on the TICO Board and, since December 2007 has served as Statutory Director. She sits on the Executive Committee, Compensation Fund, Education Standards and Alternate Finance Committees of the Board. Patricia is also a member of the Consumers Council of Canada, and Chair of the Consumer Advisory Council of the Technical Standards and Safety Authority. Prior to joining the TICO Board, Patricia served as consumer representative on the Bearing Point Travel Study Group examining consumer protection gaps in Ontario's *Travel Industry Act*. She has also represented the consumer perspective to consultations on the new Travel Industry Regulations and to the Consumer Measures Committee regarding all-in pricing in the airline industry. Patricia is Professor Emeritus, Ryerson University.

Paul Samuel

Paul Samuel is president and owner of Overseas Travel Limited, one of Toronto's oldest independent agencies. Paul has over 28 years of experience in the travel industry. From junior counsellor to manager and owner, Paul has witnessed the enormous changes in the industry and has first-hand knowledge of the challenges facing travel retailers in Ontario. Paul is passionate about travel and feels that all segments of the trade should strongly promote our professionalism, qualifications and experience. This is why Paul supports the mission of TICO to maintain an equitable and informed marketplace for travel in Ontario as it only serves to benefit everyone. Paul also serves on the Ontario council of the Canadian Institute of Travel Counsellors (CITC) and also on the board of the Association of Canadian Travel Agencies (ACTA). Paul was elected to the Board of Directors for TICO in 2011 and serves on the Legislative & Regulatory Review and Business Strategy Committees.

Paul graduated from York University with a Bachelor of Arts degree in Political Science and then completed an Honours Bachelor of Commerce from the University of Windsor. Paul has recently completed a graduate certificate in Public Relations at Ryerson University and has obtained the Certified Travel Manager designation from CITC.

James R. Savary

Dr. James Savary is Associate Professor of Economics Emeritus at York University in Toronto, where he taught courses in money, banking and finance, the multinational enterprise, and electronic commerce. He joined the TICO board in 2008 as a ministerial appointee. James is a member and past Chair of the Board of Directors of the Canadian Motor Vehicle Arbitration Plan, and a former member of the Board of Directors of the Ombudsman for Banking Services and Investments. He has also been a member and past chair of the Stakeholder Advisory Council of the Canadian Payments Association and is an active participant in the work of the Standards Council of Canada and the Canadian Standards Association.

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with full service Carlson Wagonlit Travel offices in Peterborough, Barrie and Belleville. Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 26 years Scott has been very involved in the travel industry and is currently serving TICO as an OMCA representative on the Board. He sits actively on the OMCA board as well as on the Canadian Advisory Council for Carlson Wagonlit Canada. As well as his role as a Director on TICO's Board, he also serves as Chair of the Business Strategy Committee and is a member of the Audit Committee, the Compensation Fund Committee and the Legislative & Regulatory Review Committee.

Richard Vanderlubbe

President and co-founder of Tripcentral.ca, a hybrid travel agency with 24 locations and a national website. Richard started in the retail travel business in 1989 with a small agency in Hamilton. Richard has held numerous positions with industry associations including Chair of the Association of Canadian Travel Agencies (ACTA) and past Chair of the Board of Directors for the Travel Industry Council of Ontario. As well as his current role as a Director on TICO's Board, he also serves on TICO's Alternate Finance Committee, Governance Committee, E-Commerce Committee and the Legislative & Regulatory Review Committee.

Kathleen Warren, CTM

Kathleen Warren CTM has been in the travel industry for over 39 years. She graduated from St Clair College in the Travel and Tourism programme and was employed by Meconi Travel Agency Ltd in Windsor Ontario upon graduation. Kathleen is now employed by Allison's Travel in Windsor.

Kathleen has been involved in CITC since 1979 as an area director, Ontario Executive Board member, V-P Education/Publications and is a member of the Ontario Regional Council. She sits as the CITC representative on the TICO Board of Directors.

Kathleen has also worked on a part time basis at St Clair College and the Toronto School of Business in Windsor. She has coordinated the Educator's Update for CITC since 1991 and has edited and revised several of the current publications which CITC sells to the schools. Kathleen has a keen interest in the education mandate of CITC - and hopes to continue working in this portfolio.

Linda Wright

After a couple of years in advertising, Linda Wright started her travel industry career in the 70's when she joined SkyLark Holidays. She then went on to work with CP Air Holidays, Paramount Holidays, Sunquest and Adventure Tours/ Signature Vacations in a variety of management roles. She was Sales Manager both at Sunquest and Adventure Tours and also had management responsibility for destination and airport services, health and safety, emergency planning as well as customer and legal service at several tour operators. After 12 years at Signature Vacations, she rejoined Sunquest seven years ago eventually becoming Director, Customer Service & Legal for Thomas Cook Canada with responsibility for most of the Thomas Cook brands. She has also represented Canada on various Thomas Cook Group world-wide projects involving health and safety, crisis management and sustainability.

Linda is one of the CATO representatives on the TICO board and has been a member of the TICO Complaints Committee since its inception. She is currently a member of the Compensation Fund and Business Strategy Committees. She has also served on the Board of Directors for the Safehaven Project for Community Living (a charitable organization she helped found) and is currently on the Advisory Board for the Church of the Transfiguration.

BIOGRAPHY OF MICHAEL PEPPER,

President & Chief Executive Officer and Registrar, *Travel Industry Act, 2002*

Michael Pepper serves as President and C.E.O. of the Travel Industry Council of Ontario (TICO), having first been appointed in 1997. He is responsible for carrying out TICO's strategic plans and objectives as established by the Board of Directors, and is an ex-officio member of the Board.

Prior to his appointment, Michael worked at the Ontario Government's Ministry of Consumer and Commercial Relations Business Division from 1991 to 1997. He held the positions of Registrar *Travel Industry Act* from 1991 to 1995, and Registrar *Consumer Protection Act, Consumer Reporting Act, Collections Agency Act* and *Bailiffs Act* from 1995 to 1997. His tenure there provided him with an extensive knowledge of Ontario's travel industry, government regulatory functions and consumer protection legislation.

Michael's private sector experience includes holding various senior management positions within the regulatory framework of the international shipping industry. He served as Manager, UK Inspection Services for International Shipping Trustees, U.K., from 1972 to 1977 in London England before moving to Montreal in 1977 as Vice President of International Shipping Trustees (Canada), a subsidiary of Geneva based S.G.S. He later transferred to New York in 1983 as President of its U.S. subsidiary where he remained until 1986. From 1986 until 1990, he was a member of the Board of Directors with the Swiss based The Adherence Group AG, Zurich, responsible for regulating international shipping for two of its Group companies in the U.S. and Canada.

Michael was a founding member of the Advisory Board of the Training Completion Assurance Fund in 2007 and served as its Vice Chair until 2009. He is a past member of the Board of Directors for Credit Counselling Services of Toronto having served from 1998 until 2002.

APPENDIX III

Statutory Appointments

Patricia Jensen
Statutory Director,
Travel Industry Act, 2002

Michael Janigan
Deputy Director,
Travel Industry Act, 2002

Michael Pepper
Statutory Registrar,
Travel Industry Act, 2002

Mary-Ann Harrison
Deputy Statutory Registrar,
Travel Industry Act, 2002

TICO Staff

(as of March 31, 2012)

President & Chief Executive Officer
Michael Pepper

Director of Operations/Chief Financial Officer & Treasurer
Mary-Ann Harrison, C.A.

Director, Customer Service & Stakeholder Relations
Dorian Werda

Legal Counsel & Corporate Secretary
Tracey McKiernan, LL.B.

Legal Counsel
Soussanna Karas, LL.B., LL.M.

Registration Co-ordinator
Cora Reyes

Registration Officer
Anabel Andre
Paula Oliveira

Form 1 and Claims Co-ordinator
Lori Furlan

Complaints Officer
Paula Ferreira
Barbara Wesley

Compliance Officer
Eric Neira
Tina Shewchuk

Client Services Representative
Jana Arthur

Financial Inspections Supervisor
Sanja Skrbic, C.A.

Financial Inspector,
Designated by the Registrar
Fred Angus, C.G.A.
Maria Descours, C.M.A.
Timothy James, C.G.A.

Provincial Offences Officer
Doug Fritz

Executive Assistant
Heather Wilkins

Administrative Assistant
Susan Janko

Auditors

McGovern, Hurley, Cunningham, LLP
2005 Sheppard Avenue East, Suite 300
Toronto, Ontario M2J 5B4

Travel Industry Council of Ontario • 2700 Matheson Blvd. E.
Suite 402, West Tower • Mississauga • Ontario • L4W 4V9
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO
E-mail: tico@tico.ca • Web: www.tico.ca